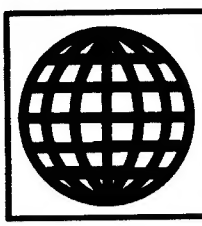

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Recent Legislation

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SUPPLEMENT
Recent Legislation

JPRS-EER-93-031-S *14 April 1993*

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Law on Amnesty for Political Prisoners Amended

93P20102A Tirana LIRIA in Albanian 20 Jan 93 p 1

[Text of Law on Changes in Law No. 7514 of 30 September 1991, "On the Exoneration and Amnesty of Persons Who Were Sentenced and Persecuted for Political Crimes"—FBIS note: The translation of Law No. 7514 was published in JPRS EER-92-014-S, 3 March 1992, pp 1-2]

[Text] On the basis of Article 16 of Law No. 7491 "On the Main Constitutional Provisions," upon recommendation of a group of deputies, the People's Assembly of the Republic of Albania has decided:

Article 1. Article 1 [of Law No. 7514] is amended as follows:

All persons sentenced for political crimes and all Albanians handed over to Yugoslav courts for the same reasons are not guilty and are considered never to have been sentenced, in regard to political, social, and economic effects.

Persons who died during the investigative process, those who were executed without a trial, those who were killed fighting with the forces of the dictatorship and at the border, for political reasons, and those who were sentenced for slandering and insulting the highest organs of the state and party, for violating Decree No. 7459, of 22 January 1991, "On Respecting and Protecting Monuments Associated With National History and State Symbols," and for violating Decree No. 7408, of 31 July 1990, "On Meetings, Gatherings, and Demonstrations of Citizens in Public Places," prior to 22 March 1992, also benefit from this law.

The following do not benefit from this law:

Persons sentenced for crimes against the state, who have had state and party positions, according to determinations which will be made by the Council of Ministers.

These persons have the right to seek a review of the cases to prove their activity against the communist dictatorship.

Any political-social body, state organ, group of people, or individual can ask for review of cases dealing with anti-Albanian activity and terror or with the exclusion of a person who has been sentenced for a political crime from the benefits of this law.

Article 2. Article 2 is amended as follows:

All Albanian citizens who escaped from Albania during the war or after the liberation of the country because of their political activity or convictions, prior to 8 May 1990, are exonerated.

Article 3. The following additions will be made to Article 5:

1. The following paragraph is added after the second paragraph of point "a":

For pension purposes, the length of time that the person served a sentence of deprivation of freedom is considered to be twice the actual time.

2. The following point is added before point "d":

Former political prisoners will be given compensation for their time in prison or in labor camps, according to regulations which will be specified in special provisions in accordance with international criteria, as well as the difference in the pension from the time that the person is entitled to it.

Children of former political prisoners who continue their studies, regardless of age, are entitled to a pension.

3. The following point is added before point "dh":

Compensation for time spent in prison or in labor camps and the difference in the pension are also given to the families of deceased political prisoners.

The right to the return of confiscated property or to compensation for this property to same extent as all other persons suffering expropriation is recognized by special laws and decisions.

Article 4. The following words are added in Article 7 after the words "who were executed without a trial":

"killed fighting with the forces of the dictatorship and at the border."

Article 55—Article 7(a) with the following content is added:

Killings resulting from fighting with the forces of the dictatorship and at the border and their motives are proven by court decision, while also hearing the opinion of the Association of "Former Political Prisoners and Victims of Political Persecution."

Article 6. All legal provisions which are in conflict with Law No. 7514, of 30 September 1991, "On the Exoneration, Amnesty, and Rehabilitation of Persons Who Were Sentenced and Persecuted for Political Crimes" and with this law are repealed.

Article 7. This law goes into effect immediately.

Tirana, 14 January 1993 Law No. 7660
Pjeter Arbnori, Chairman of the Presidency

Law on Privatization of State Housing Units

93P20100A Tirana ZERI I POPULLIT in Albanian 10 Jan 93 p 2

[Text of Law on Privatization of State Housing]

[Text] On the basis of Article 16 of Law No. 7491 "On the Main Constitutional Provisions," upon recommendation of

the Council of Ministers, the People's Assembly of the Republic of Albania resolves:

Article 1. This law has as its goal the privatization of state housing, the creation of a free market for private housing and the improvement, use, maintenance, and management of housing, while giving renters of state housing units the right to become their owners. Owners will have the right to sell, rent, or mortgage their housing units.

Article 2. No one will be forced to become an owner rather than a renter of the housing units. Those who continue to be renters will have to pay higher rent to cover the full cost of the management and maintenance of the housing units.

Article 3. Housing units consisting of two rooms and a kitchen, built prior to 31 December 1965, and units with one room and a kitchen, built prior to 31 December 1970, are given to renters free of charge. Housing units which are considered to be in the first category, on the basis of criteria set by the Council of Ministers, are not covered by this rule. Housing units which are not included in the first paragraph of this article become the property of the tenants on the basis of fees set by the Council of Ministers.

Article 4. On the basis of the distribution of the total value of all the state housing units, the Council of Ministers will set the fees according to the following criteria:

a) the size of the unit

b) the value of the unit at the time of its construction

c) the age of the unit

d) the location of the unit

e) the composition of the family.

Article 5. When this law goes into effect, renters of state housing units can ask the housing administration enterprises to take action to recognize their ownership of the units. Ownership of housing units is attained with the completion of the appropriate actions, the full payment of the fee, and the registration of the title of ownership with the mortgage offices. State housing units which are the subject of litigation or which are being redistributed because they are too large are not privatized until the decision of the appropriate organs becomes final.

Article 6. The fee can be paid in one payment or in installments. The amount of the installment is decided upon by the parties concerned but it cannot be less than 200 leks a month, indexed to the wage level. When the renter pays the fee in one payment, there is a 20-percent discount; when the first installment covers 50 percent of the fee, there is a 10-percent discount; and when the first payment covers 25 percent of the fee, the fee is reduced by 5 percent.

Article 7. Housing units in which the tenants or other members of their family who live with them have the status of former prisoners, or have been confined or sentenced for political crimes, or are war invalids become the property of the renters, free of charge. When the persons mentioned in the above paragraph are homeless and would be given state housing in accordance with housing regulations, they become owners of the units free of charge.

Article 8. Housing units which are designated as "in danger of destruction" by special commissions on the basis of documents existing prior to the date of the approval of this law become the property of their tenants free of charge. The owners have the right to receive credits for the restoration of these housing units, in accordance with the procedure specified in Article 16.

Article 9. Housing units which are privatized will be registered in the name of the tenants and the other adult members of their family. A housing unit which is used by several renters becomes the property of each tenant, on the basis of his share in the rental contract.

Article 10. The land on which the housing unit is built is evaluated as a separate item and will be owned jointly by the owners of the housing unit. Land which formerly was privately owned will be treated in a separate law. When an individual house, encircled by a yard, which is used and taken care of, on a permanent basis, by the tenants, is privatized, the yard becomes jointly owned by them. The criteria set by the Council of Ministers in 1992 will be used to calculate the value of these areas of land.

Article 11. A house which is too large and which has separate rooms becomes the property of the renters for a increased fee of 2,000-4,000 leks per square meter for each surplus room, on the basis of the category and location of the house. This fee is also in effect when the tenant receives ownership of the house free of charge, with the exception of the tenants specified in Article 8. When the excess living space includes more than one separate room, the house cannot become the property of the renters.

Article 12. Renters who live in state housing units and who have living areas which are larger than the standards for living space and which contain separate rooms, will pay, in addition to the rent, a monthly increase amounting to 10 times the rent for the house, for the first extra room, and 25 times the rent for the house, for any other extra room. The implementation of these fees will begin three months after this law goes into effect, if the renters have not made a written request to remodel their housing.

Article 13. Tenants who have surplus rooms have the right, through the intermediary of the appropriate state organs, to remodel their apartments so that they will be in accordance with the existing housing norms.

Article 14. Upon recommendation of the district, municipality, and commune councils, the Council of Ministers

stipulates certain individual housing units, from the total number of units, which cannot be privatized.

Article 15. The remainder of the credits given for the repair of private housing units, credits of up to 20,000 leks, received by citizens priot to 30 June 1991 for the improvement of living conditions, are forgiven to the amount of 15,000 leks, paid out of the state budget, by means of the National Housing Agency.

Article 16. Citizens who are considered to be homeless, on the basis of provisions issued by the Council of Ministers, have the right to receive credits from institutions set up for this purpose in order to resolve the problem of their homelessness. Part of the interest on the credits for the construction or purchase of these housing units will be paid out of the state budget through the intermediary of the National Housing Agency. Citizens who are considered to be homeless and who do not want to receive credits will receive 1,000 leks each, money deposited at the National Housing Agency and intended for the construction, purchase, and repair of housing units. In accordance with the housing norms, citizens who are owners of private housing units will receive 2,600 leks each, under the conditions of the above paragraph. Owners of private housing units who have, in proportion to the number of family members, a smaller living space than that of their tenants, have the right to make the necessary changes or repairs which will make the two parties proportionally equal in regard to living space.

Article 17. Citizens who do not have housing on a regular basis, whose housing has been destroyed as a result of the implementation of the regulatory plan and who have the approval of the local government organs, receive housing in accordance with the rules set in the second paragraph of Article 3 of this law, regardless of the date of construction of the units.

Article 18. Tenants in state housing who do not want to privatize their housing units, as well as those who remain renters with the implementation of this law, will continue to pay rent. The maintenance of these housing units will be taken care of by the housing administration enterprises.

Article 19. Rental fees will be set by the Council of Ministers every six months to one year, for the housing units mentioned in the first paragraph of Article 18, and for privately owned units and for state units which had been privately owned, which were rented before this law went into effect, whose rental fees will be liberalized in December 1995. The rental fees for persons renting from private owners of housing units, who live in accordance with housing norms, will be liberalized on 31 December 1993. The rental fees for all other housing units are set by the physical and juridical persons who own them.

Article 20. The composition of the family and the housing situation shown in the basic registers of citizens of 1 December 1992 are used as the basis for the implementation of this law.

Article 21. State housing units which had been privately owned are not privatized on the basis of this law.

Article 22. Relations of co-ownership between owners are regulated by a separate law.

Article 23. In the implementation of this law, under no circumstances can a citizen be the owner of two state housing units simultaneously. Citizens who live in state housing in accordance with the housing norms and who have built or have been building private housing units beginning in 1990 do not benefit from this law. Farmers who received permission to live in the city after 31 July 1991 and who have benefitted from the Land Law also do not benefit from this law. Citizens sent outside the country on a job assignment who do not return to the country with their family within six months of the completion of their assignment abroad lose their rental lease.

Article 24. The income received from the privatization of housing units will be handled by the National Housing Agency.

Article 25. In the future, the state will participate in resolving the problem of housing the residents of cities through specialized institutions created for this purpose. The new housing units which will be handed over after 1 January 1993 will be distributed on the basis of criteria set by the Council of Ministers. The only people who will be entitled to rent housing units are the following: members of the armed forces on active duty and soldiers discharged because of the military reform, workers whose income is below the minimum income level, renters of private housing units who are displaced from their units because they are being returned to their owners, and a certain category of citizens that will be determined by the Council of Ministers.

Article 26. The manner of privatizing housing units according to the provisions specified in this law will be in effect until 31 December 1993.

Article 27. The Council of Ministers is charged with issuing the appropriate documents for the implementation of this law and for the handling of housing units which were not completed in 1992.

Article 28. Any legal and regulatory provisions which are in conflict with this law are repealed.

Article 29. This law goes into effect 30 days after its promulgation.

Law on Commercial Companies

93P20123A Tirana FLETORJA ZYRTARE in Albanian No 8, Nov 92 pp 409-452

[Text of Law No. 7638 of 19 November 1992, "On Commercial Companies"]

[Text] On the basis of Article 16 of Law No. 7491, of 24 April 1991, "On the Main Constitutional Provisions,"

upon recommendation of the Council of Ministers, the People's Assembly of the Republic of Albania has decided:

Law on Commercial Companies

Chapter I
General Provisions

Article 1: Definition of a Company

A company is founded by two or more persons who agree, by means of a contract, to put their resources or services in a joint enterprise, for the purpose of dividing the profits or profiting from the income which might result from it.

The partners agree to pay their share of the losses.

In cases specified by law, a company can be established by an act of will expressed by a single individual.

Article 2: Commercial Nature

The commercial nature of a company is defined by its form or by its purpose.

General partnerships, limited partnerships, limited liability companies, and public companies are commercial because of their form, independent of their purposes.

Article 3: Statute

The statute of a company specifies the form, duration, name, purpose, and the amount of starting capital.

Article 4: Headquarters

Companies whose headquarters are located on the territory of the Republic of Albania are subject to Albanian legislation.

Third parties can use the headquarters stipulated in the statute but the company should make it known if its actual headquarters are located in another place.

Article 5: Publication Formalities

Publication formalities which are required during the formation of a company or for subsequent decisions and acts will be specified in a separate law. The conditions on the basis of which the newspapers are authorized to accept legal announcements will also be specified by this law.

Article 6: Juridical Personality, Acts for Companies Being Formed

Commercial companies receive juridical personality from the date of their registration in the trade register. Changes in a company in accordance with this law, including an extension of its duration, do not result in the creation of a new juridical person.

Persons who have operated in the name of a company which is being formed, before the company has achieved juridical personality, bear collective responsibility for the acts executed, at least as long as the company, after it is founded and registered in the regular way, has not yet assumed the appropriate obligations. In this case, the obligations are considered to have been accepted by the company as of the time of its origin.

Article 7: Lawsuit Because of an Irregularity in the Founding of a Company or in Changing Its Statute

Each party involved has the right to ask the court to order, in an obligatory manner, that the requests for the establishment of the company and for a statute and for changes in the statute be regulated legally, if the laws are not taken into account or actions are taken in an irregular manner.

The lawsuit mentioned in the first paragraph has a statute of limitations of three years, beginning with the registration date or the date of any change in the trade register.

Article 8: Responsibility for Establishment in an Improper Manner

The founders of a company and the first members of the administrative, management, and supervisory organs have collective responsibility for damage caused by an irregularity in the statute and by the failure to execute or the improper execution of the legal formalities in effect in regard to establishing companies.

The provisions of the above paragraph are applicable, in the case of a change in the statute, to members of the administrative, management, supervisory, and control organs who are in their positions at the time of the change.

The lawsuit has a statute of limitations of 10 years, beginning with the date of the registration of the company in the trade register or the date of the change in this register and of the filing of the documents which change the statute in the annex of the register.

Article 9: Result of Published Information or of Changes Dealing With Administrators

No company or third party can avoid its obligations by profiting from irregularities in the appointment of persons charged with managing or directing the company when this appointment is published in the proper manner.

No company can benefit at the expense of third parties from the appointments or dismissals of the aforementioned persons just because they have not been published in the proper manner.

Article 10: Holding of the Shares of Starting Capital by One Person

The holding of all the shares of starting capital by one person does not result in the dissolution of the company. When the law requires more than one partner, each party

concerned must go to court to seek the dissolution of the company, if the situation is not regulated by legal means within a year. The court can give the company a maximum deadline of six months to put the situation in order. The court cannot proclaim that the company is dissolved if it is put in order on the day that the court meets to hand down its decision.

Article 11: Evaluation of the Rights of Partners in a Company

In all cases when the rights of a partner are transferred or are bought out by the company, the evaluation of these rights, in the case of nonacceptance, is carried out by an expert. The expert is designated by the parties. When they cannot reach an agreement, he is named by the court, using emergency powers, in a final decision. The statute can include various regulations.

Article 12: Definition of the Competent "Court"

With the exception of cases which stipulate differently, the court mentioned in this law as "the court" is the court of the first instance.

Chapter II
General Partnerships

Article 13: Definition

In general partnerships, all partners are business partners and have unlimited and collective responsibility for the debts of the company.

Creditors can sue a partner for compensation for the company's debts only after notifications directed to the company have failed.

Article 14: Name of the Company

A general partnership has a name which can include the name of one or more partners, with the words "general partnership" coming before or immediately after the name.

Article 15: Administrators

All the partners are administrators, unless the statute has a contrary provision, which can designate one or more administrators, partners or nonpartners, or provide for their designation by a subsequent document.

If a juridical person is an administrator, in the sense of the above paragraph, its directors, without excluding from joint responsibility the juridical person which it represents, are subject to the same conditions and obligations and have the same civil and penal responsibility as they would have as administrators in their own right.

Article 16: Powers of the Administrator in Relation to the Partners

In relations among partners and in the absence of the designation of his powers by the statute, the administrator can carry out all the activities of administration in the interest of the company.

When there are a number of administrators, each one has the powers specified in the above paragraph and each one has the right not to be opposed in any operation before it is completed.

Article 17: Powers of the Administrator in Relation to Third Parties

In relations with third parties, the administrator commits the company by means of actions which are in accordance with the company's purpose.

If there are a number of administrators, two of them possess jointly the powers specified in the above paragraph. The objection which one administrator makes to the actions of another administrator has no effect on third parties, at least when it has been proven that the third parties had no knowledge of this joint responsibility of the administrators.

The statute gives some administrators the opportunity to exercise only the powers stated in the first paragraph of this article.

The provisions of the statute which limit the powers of the administrators stipulated in this article must be observed by third parties.

Article 18: Making Decisions

Decisions which exceed the powers which are recognized as belonging to the administrators, including making changes in the statute, are made by unanimous vote of the partners. The statute can stipulate that some decisions will be made by a specified majority of partners.

Also, the statute can specify that decisions will be made by means of written consultation, if any of the partners has not asked for a general meeting.

Article 19: Approval of the Company's Annual Reports

The report of the board of directors, the inventory, the annual balance sheet, drawn up by the administrators, are presented for approval to the partners' meeting within a period of six months, beginning with the date of the conclusion of the fiscal year.

The documents mentioned in the above paragraph, the text of the decisions proposed and, if necessary, the report of the certified public accountants, are presented to the partners at least 15 days before the general meeting. Any decision made which violates the rules of the above paragraph can be repealed.

Any provision contrary to this article is considered to be invalid.

Article 20: *Proces-Verbal* of the Issues Examined

For each issue examined by the partners a *proces-verbal* is kept in a separate register, which is kept at the headquarters of the company.

Article 21: Rights of Partners Who Are Not Administrators

Partners who are not administrators have the right, at any time, to be personally informed in regard to the activity of the company and to become familiar with the records and documents of the company.

The statute can specify restricting provisions for partners who are not administrators. However, these partners are not prevented from being informed when improper administration is suspected.

Article 22: Discharge of Administrators

The discharge of one of the administrators from his position is decided unanimously by the other partners, if all the partners are administrators or if one or more of the administrators selected from among the partners have been appointed in accordance with the statute. This causes the dissolution of the company, at least when its continuity is not stipulated by its statute or when the other partners have not decided unanimously to discharge the administrator.

The discharged administrator has the right to decide to withdraw from the company, while demanding that the company restore his rights.

If one or more of the partners are administrators and have not been named by the statute, each one of these people can be discharged from their positions under the conditions specified by the statute or, otherwise, they can be discharged on the basis of a unanimous decision of the other partners, regardless of whether or not they are administrators.

An administrator who is not a partner can be discharged under conditions set by the statute or, in the absence of these conditions, he can be discharged by the decision of a majority of the partners.

If a person is discharged for no good reason, he can be given an opportunity to receive appropriate compensation.

Article 23: Transfer of Shares of Starting Capital

Shares of starting capital cannot be represented by securities which can be traded. Any provision to the contrary is considered to be invalid.

Shares of starting capital can be transferred only with the approval of all the partners. Any transfer of shares of starting capital must be documented in writing.

Third parties and the company must respect the transfer as soon as the formalities required for changing the statute are completed and noted in the trade register.

Article 24: Death of a Partner

A company is dissolved with the death of a partner. It can continue its activity if the following rules are not in conflict with the statute:

—Continuity can be achieved by a unanimous decision on the part of the living partners and the heirs of the deceased partner.

—If the heirs do not want to go into the company or are unfit for this, especially if one of the heirs is a minor, the continuity of the company can be decided by unanimous vote of the other partners, on the condition that they buy out the rights to the company included in the inheritance of the deceased partner.

Article 25: Bankruptcy, Deprivation of Rights, or Incompetence of a Partner

A company is dissolved in the case of bankruptcy, deprivation of the rights to carry on a business profession, or a deficiency that affects one of the partners, with the exception of the case in which its continuity is specified in its statute or when its partners decide on its continuity by unanimous vote, after they have accepted the condition that they buy out the rights to the company from the partner who has become unfit.

Chapter III
Limited Partnerships

Article 26: Definition and Status of the Partners

In limited partnerships, "limited" partners participate along with "unlimited" partners who have the status of partners in general partnerships. The "limited" partners are held responsible for the debts of the company only upto the limit of their contribution to the starting capital. This contribution cannot be in services.

Article 27: Implementation of Provisions of General Partnerships in Limited Partnerships

The provisions dealing with general partnerships and the provisions of this chapter are applicable for limited partnerships.

Article 28: Name of the Company

A limited partnership has a name which can include the name of one or more of the partners, preceded by or immediately followed by the words "limited partnership."

Article 29: Statute

The statute of the company should include the following information:

1. The amount or value of the contributions of all the partners;

2. Each "unlimited" or "limited" partner's share of this amount or value;

3. The total share of the "unlimited" partners and the share of each "limited" partner in the distribution of profits and in the sum of money which remains after the liquidation of the company.

Article 30: Making Decisions

Decisions are made in accordance with the conditions specified in the statute. Nevertheless, the general meeting of all partners is legal, if it is requested by an "unlimited" partner, or by a fourth party, on the basis of the number and the capital of the "limited" partners.

Article 31: Powers of the "Limited" Partner

A "limited" partner cannot carry out any outside activity of administration, even on the basis of a proxy.

If the prohibition stated in the above paragraph is violated, the "limited" partner loses his status and is held collectively responsible, along with the "unlimited" partners, for the loans and debts of the company which result from the prohibited activities. According to the number or the importance of the prohibited activities, he can be declared collectively responsible for all the obligations of the company or for some of them.

Article 32: The Right To Be Informed

"Limited" partners have the right to be informed twice a year by means of books and documents of the company and to ask questions, in writing, about its management, to which they must receive a written response. The statute can specify more extensive rights.

Article 33: Transferring Shares of Starting Capital

Shares of starting capital can be transferred only with the approval of all the partners.

However, the statute can stipulate:

1. That shares of the starting capital of the "limited" partners can be freely transferable to the other partners;

2. That shares of the starting capital of "limited" partners can be transferred to third parties with the approval of all the "unlimited" partners, and of a majority of the "limited" partners in terms of number and capital.

3. That an "unlimited" partner can transfer part of his starting capital to a "limited" partner or a third party under the conditions stipulated in point 2 of this article.

Article 34: Majority Requirement for Changes in the Statute

Changes can be made in the statute with the approval of all the "unlimited" partners and of a majority of the "limited" partners, in terms of number and capital.

The statute can stipulate provisions which set stricter conditions in regard to the majority requirement.

Article 35: Death of a Partner

The company continues even if one of the "limited" partners dies.

If there is an agreement to this effect. when one of the "unlimited" partners dies, the company continues with his heirs; they become "limited" partners, when they are minors. If the deceased partner is the only "unlimited" partner and if all his heirs are minors, he must be replaced by a new "unlimited" partner or the company must be converted to another form within a year after the person's death. Otherwise, the company will be dissolved at the end of this period.

Article 36: Bankruptcy, Deprivation of Rights, or Incompetency of an "Unlimited" Partner

The company is dissolved in the case of the bankruptcy of one of the "unlimited" partners, the deprivation of the right to carry out a business profession, or incompetency which affects one of the "unlimited" partners, with the exception of cases in which, if there are one or more other "unlimited" partners, the continuity of the company is stipulated by the statute or when the partners unanimously decide on this continuity, after they have accepted the condition of the buying out of the rights in a company from the partner who has become incompetent.

Chapter IV
Limited-Liability Companies

Article 37: Definition and Name; Regulations on Acts and Documents

A limited-liability company is established by one or several partners who are responsible for losses only upto the limit of the value of their contribution to the starting capital.

If the company consists of only one person, he is called the "sole partner." The "sole partner" exercises the powers which are designated for all the partners by the provisions of this chapter.

The limited-liability company has a name which can include the name of one or more of the partners, preceded by or immediately followed by the words "limited-liability company" or the initials "ShPK" [shoqeri me pergjegjesi te kufizuar] and the starting capital is listed. These names and the name of the administrator or administrators must be included in all the instruments or documents which are issued by the company and which are sent to third parties.

Article 38: Starting Capital

The minimum value of the starting capital of this type of company is 100,000 leks. The Council of Ministers is charged with redetermining the minimum value of the starting capital, in accordance with the level of inflation.

This capital is divided into equal shares, whose nominal value cannot be less than 1,000 leks.

The reduction of the starting capital to less than the amount specified in the first paragraph of this article requires that the company be converted into another type, if the company does not decide to increase the starting capital to at least the previous level. If the provisions of this paragraph are not carried out, any party involved can seek the dissolution of the company in court. This dissolution cannot be proclaimed if the situation is put in order on the day that the court meets to make its decision.

Article 39: Act of Establishment

All the partners must take part in the act of establishment of the company either personally or by means of other persons authorized by them, with powers of attorney.

Article 40: Subscribing and Paying For Shares of Starting Capital

All the shares of the starting capital must be subscribed in their entirety by the partners and paid completely in cases when they represent contributions in kind and contributions in cash. They cannot represent contributions in services. Participation in the starting capital is noted in the statute.

The funds in cash which come from the payment of the shares of starting capital are deposited, within 10 days of their collection, to the account of the company which is being formed, with a notary or in a bank. The statute notes the payment of shares of starting capital and the depositing of funds.

Article 41: Withdrawal of Funds

Funds which come from payments for shares of starting capital are withdrawn by the person authorized to represent the company only upon presentation of a certificate which proves that the company has been registered in the trade register.

If the company is not established within six months, beginning with the date of the first deposit of funds, the contributors have the right, individually and by means of a proxy who represents them collectively, to seek, through the court, authorization for withdrawal of the amount of their contribution.

If the contributors decide to establish the company later, they will have to deposit the respective funds once again.

Article 42: Contributions in Kind

The statute must contain an estimate of the value of each contribution in kind. This is done by means of a report which is attached to the statute, which is drawn up, his own responsibility, by an expert on contributions appointed unanimously by the future partners or by a decision of the court on the basis of a request of one of the future partners who is the first to take such action.

However, the future partners can unanimously decide not to seek the aid of an expert on contributions, if the value of each contribution in kind does not exceed the value of the minimal capital which is valid for the creation of this company in accordance with Article 38 of this law and if the total value of the contributions in kind is not more than half the starting capital.

If the company is established by only one person, the expert on contributions is named by the sole partner. However, a request for the assistance of an expert on contributions is not obligatory if the conditions stipulated in the previous paragraph have been fulfilled.

If there has been no expert on contributions or if the value of the contribution in kind is greater than the value proposed by the expert on contributions, the partners are collectively responsible for five years, to third parties, for the entire specified amount of the contributions in kind during the period that the company was being established.

Article 43: Persons Responsible for the Invalidity of the Establishment of a Company

The administrators appointed at the time that the company is established and the founding partners who are responsible for its invalidity are collectively responsible to the other partners and third parties for damage resulting from the invalidation of the establishment.

The statute of limitation for a lawsuit is three years, beginning with the date that the invalidation decision goes into effect.

Article 44: Prohibition on Issuing or Guaranteeing Securities

The issuance of securities by limited-liability companies is prohibited. If such a thing is done, the issue is invalid.

They are also prohibited from guaranteeing issuances of securities, except for the issuance of bonds which are subsidized and guaranteed by the state. Any other issuances guaranteed by them are invalid.

Article 45: Types of Shares of Starting Capital and Their Transfer

Shares of starting capital cannot be represented by negotiable securities.

Transfers of shares of starting capital must be certified by a notarized document.

The company or third parties must respect these transfers as soon as they are made known.

Article 46: Transfer of Shares of Starting Capital by Inheritance or Within a Family

Shares of starting capital are freely transferable by inheritance. They are also freely transferable in the case of the

division of property between spouses. Likewise, they are freely transferable between spouses and between ancestors and descendants.

The statute can include a special provision to the effect that a spouse, heir, ancestor, or descendant will become a partner, by means of the transfer of shares of starting capital, only after he has been approved by the partners according to the conditions which the partners set. The conditions for the new partner cannot be less favorable than those set for third parties in the case of the transfer of shares of starting capital; otherwise, the above provision is invalid. If approval of the new partner is denied, the rules contained in Article 47, paragraph 4, of this law are implemented. If none of the scenarios specified in this paragraph occurs within the time period set by law, the approval is considered to be given.

Article 47: Transfer to Third Parties

Shares of starting capital can be transferred to third parties who are not members of the company, merely by the approval of the majority of the partners who represent at least three-fourths of the shares of starting capital.

The company and each one of the partners are informed of the plan for transferring the shares.

If the company does not announce its decision within three months of the date it receives the most recent information, in accordance with the previous paragraph, the transfer is considered to be approved.

If the company refuses to approve the transfer, the partners, must, within three months of this refusal, purchase or permit the purchase of shares of starting capital with a value specified by the rules of Article 11 of this law.

Article 48: Mortgage

The company has the right, when it has approval, to mortgage shares of its starting capital. In the case of the obligatory sale of mortgaged shares, the mortgage-holder will be approved in the same way as a person to whom the shares of starting capital are transferred, with the exception of the case where the company prefers to repurchase the shares without delay, with the aim of possibly reducing its starting capital.

Article 49: Transfer Among Partners

Shares of starting capital are freely transferable among partners.

If the statute contains a provision which limits transfers, the provisions of Article 47 of this law are applicable.

Article 50: Administration

Limited-liability companies are managed by one or more physical persons.

Administrators can be chosen from outside the group of partners. They are named by decision of partners representing more than one-half the shares of starting capital.

In the absence of relevant provisions in the statute, they are appointed for entire period of the existence of the company.

The powers of the administrators in regard to relations among the partners are specified in the statute and, if the statute does not specify these powers, they are determined in accordance with Article 16 of this law.

The administrator has all the necessary powers to operate in the name of the company, in relations with third parties, in all circumstances with the exception of the powers which the law expressly assigns to partners. The company assumes the obligations resulting from the actions of the administrators even when these actions are not included in the purpose of the company. The company is not held responsible for the consequences to third parties when it can prove that the third parties knew that the action of the administrators exceeded the purpose of the company or when the third parties could not be unaware of this action under the given circumstances, keeping in mind the fact that the promulgation of the statute alone is not sufficient proof.

Provisions of the statute limiting the powers of the administrator, which result from this article, must be observed by third parties.

If there are a number of administrators, two of them exercise jointly the powers specified in this article. Opposition by one administrator of the actions of the other administrator has no effect on third parties, at least when it is proven that third parties have had no knowledge of the joint responsibility of the administrators. The statute can give some administrators the right to exercise alone the powers stipulated in this article.

Article 51: Agreements Between the Company and One of Its Administrators or Partners

The administrator or the certified public accountant, if there is one, prepares a report on the agreements reached, directly or indirectly through an intermediary, between the company and one of its administrators or partners. This report is presented by itself or attached to the documents which are presented to the partners in the case of written opinions. The general meeting makes a decision on the report. The administrator or partner concerned cannot participate in the voting and his shares of starting capital are not counted in calculating a quorum or a majority.

If the company consists of a sole partner and if the agreement was executed by this partner, there is only one notation in the record of issues examined.

The administrator and the partner who concluded the agreement are held responsible for the consequences of agreements which are not approved by the general meeting which caused damage to the company, and they

will make reparation for the respective consequences individually or collectively, according to the case.

The provisions of this article also apply in the case of agreements made with a company in which an "unlimited" partner, administrator, executive officer, or member of the supervisory council is, at the same time, an administrator or partner of the limited-liability company.

The rules of this article do not apply in the case of agreements dealing with everyday operations and concluded under normal conditions.

Article 52: Prohibited Agreements

Administrators or partners which are not juridical persons are not allowed to contract in any form, to borrow from the company, to grant approval in its name, for payment, to become guarantors or to guarantee, in its name, committments to third parties. If they do so, the contract is invalid. This prohibition also applies in the case of legal representatives of partners which are juridical persons.

This measure also applies in the case of the spouses, ancestors, and descendants of the persons mentioned in the first paragraph of this article, and in the case of any person acting as intermediary.

Article 53: Legal Responsibility of Administrators

Administrators are individually or collectively reponsible, according to the case, to the company or to third parties, for violation of laws, for violation of the statute, or for transgressions committed in the administration of the company.

If a number of administrators are at fault, the amount of the contribution which each one should pay to make up for the damages is set by the court.

In addition to bringing suit for payment of the damages which have been charged against them personally, the partners, individually or in a group, have the right to bring a suit against the administrators.

The plaintiffs have the right to demand, through the means of the law, full payment for the damage which has been caused to the company, including financial compensation, if this is necessary.

Any provision of the statute aimed at setting as a condition for bringing a lawsuit the receiving of an advance opinion or an authorization from the general meeting is invalid. Such a provision is also invalid when it includes, in advance, the rejection of the possibility of bringing such a suit.

No decision of the general meeting can prohibit the request for a lawsuit against the administrators for transgressions committed by them during the exercise of their duties.

Article 54: Statute of Limitation for Lawsuits

The lawsuits which are stipulated in articles 51 and 53 can be brought for a period of three years, beginning with the date on which the damaging action was carried out or, if it was covered up, with the date on which it was discovered.

If the action constitutes a crime, the lawsuit is prescribed after 10 years.

Article 55: Discharging Administrators

An administrator is discharged by decision of partners representing more than one-half of the shares of starting capital. Any provision to the contrary is considered to be invalid. If the administrator is discharged unjustly, he has a right to financial compensation.

In addition, an administrator can be discharged by the court for violations of the law at the request of any one of the partners.

Article 56: Approval of the Accounts of the Company and the Partners' Right to Information

The administration report, the inventories, and the annual reports drawn up by the administrators are submitted to the general meeting of the partners for approval within six months of the end of the fiscal year.

The documents mentioned in the above paragraph, the texts of proposed decisions, and, if necessary, the report of the certified public accountants are communicated to the partners and are made available to them at the headquarters of the company at least 15 days before the general meeting. Any decision which violates the rules of this paragraph is considered to be invalid.

Any partner, when he receives the information specified in the above paragraph, has the right to present, in writing, questions which the administrator must answer at the general meeting.

The partner has the right to receive, at any time, the documents specified in the first paragraph of this article, for the past three fiscal years. He can be assisted by an expert selected by him who is sworn to professional secrecy.

Any provision which is contrary to the regulations in this law is considered to be invalid.

Article 57: Consultations of Partners; Convocation of the General Meeting

Decisions are made by the general meeting. They can be made after consulting the partners in writing, if all the partners approve, in writing, the content of the consultation.

The partners are informed by registered letter at least 15 days before the session of the general meeting. This letter includes the agenda.

The notification is executed by the administrator or, in his absence, by the certified public accountant, if there is one.

One or more partners who represent at least 10 percent of the shares of starting capital can call for a session of the general meeting. Any provision to the contrary is considered to be invalid.

Any partner can legally ask that a designated person be charged with convoking the general meeting and determining the agenda.

Any session of the general meeting convoked in an irregular manner can be cancelled. However, the cancellation is invalid if all the partners are present or represented.

Article 58: Participation in Decisions

Every partner has the right to participate in decisions and has a number of votes which are equal to the shares of starting capital which he controls.

A partner can be represented by another partner.

He can be represented by another person only if the statute allows this.

A partner cannot charge a proxy with voting in the name of one portion of his starting capital while voting himself in the name of another portion of his starting capital.

Any provision contrary to the content of this article is considered to be invalid.

Article 59: Ordinary Majority

In the sessions of the general meetings or in the written consultations, decisions are made by one or more partners who represent more than one-half the shares of starting capital.

If this majority is not obtained, the partners are called, or, according to the case, consulted for the second time and decisions are made on the basis of the majority of the votes cast, regardless of the percentage of capital which they represent, if the statute does not specify otherwise.

Article 60: Changes in the Statute

Changes in the statute are decided upon by the partners who represent at least three-fourths of the shares of starting capital, with the exception of cases in which the statute can call for an even larger majority.

In any case, the majority cannot force a partner to increase his involvement in the starting capital of the company.

Article 61: Sole Partner

The first three paragraphs of Article 56 and Articles 57-60 of this law are not implemented in companies which have only one partner.

In this case, the administration report. the inventory, and the annual reports are drafted by the administrator. The sole partner approves the reports, if this is necessary after the report of certified public accountants, within six months of the end of the fiscal year.

A sole partner can delegate his powers. His decisions, made in lieu of a general meeting, are presented in a register.

Decisions which are contrary to the content of this article can be invalidated at the request of any person concerned.

Article 62: Increasing the Capital by Means of Cash Contributions

The capital is increased by subscriptions of shares of starting capital for cash contributions, in accordance with the last paragraph of Article 40 of this law.

Withdrawal of funds which come from subscriptions can be carried out by a designated proxy for the company after certificates are filled in by the depositors.

If the process of increasing the capital is not completed within six months of the date of the first depositing of funds, the rules contained in the second paragraph of Article 41 of this law can be put into effect.

Article 63: Increasing the Capital by Means of Contributions in Kind

The capital is increased completely or partially by means of contributions in kind, in accordance with the first paragraph of Article 42 of this law. However, the expert authorized to deal with contributions is appointed by court decision upon request of an administrator.

If there is no expert on contributions or if the determined value of the contributions is higher than what was proposed by the expert on contributions, the persons who have underwritten the increase of capital are collectively responsible for five years to third parties for the determined value of the aforementioned contributions.

Article 64: Reduction of Capital

Reduction of capital is permitted by the general meeting of partners which makes the decision under the same conditions required for changing the statute. In all cases, the reduction affects the partners in proportion to the shares of capital which they represent.

The plan for reducing the capital is communicated to the certified public accountants, if there are any, at least 45 days before the session of the general meeting convoked to make a decision on this plan.

The experts inform the general meeting of their evaluation of the reasons for and conditions of the reduction.

When the general meeting approves a plan for the reduction of capital which is not motivated by losses, creditors who advanced credit before the date of the

publication of the respective change in the statute can appeal the reduction within a month of the date of publication. This appeal is announced to the company and is sent to the court. The court rejects or accepts the appeal and, in the latter case, it orders that the credits be repaid or that warrants be given, if the company has them and if they are thought to be adequate. Operations for the reduction of capital cannot begin during the objection period.

The purchase of shares of starting capital by the company itself is prohibited. However, the general meeting which decides to carry out a reduction of capital which is not motivated by losses has the right to authorize the administrator to buy a specific number of shares and to cancel them as shares of starting capital.

Article 65: Appointment of Certified Public Accountants

The partners can appoint one or more certified public accountants according to the conditions specified in Article 59 of this law.

Companies which exceed two out of three of the following figures at the end of the fiscal year are obliged to appoint such an expert:

—A balance of 12 million leks at the end of the respective year.

—24 million leks in turnover income, after the turnover tax at the end of the year has been deducted.

—An average of 50 employees during the fiscal year.

If these conditions are not met, the appointment of a certified public accountant can be sought by means of the courts, by one or more partners who represent at least one-tenth of the capital.

Article 66: Questions on the Continuity of Activity

Each partner who is not an administrator has the right, twice a year, to present to the administrator, in writing, questions in regard to those issues which cast doubt on the continuity of the activity of the company. The response of the administrator is communicated to the certified public accountant.

Article 67: Special Report on Administrative Activities

One or more partners who represent at least one-tenth of the shares of starting capital can, individually or in any type of group, seek, through the courts, the appointment of one or more experts charged with presenting a report on one or more administrative activities.

If the request is considered justified, the court decision specifies the area of the mission and the powers of the experts. It can make the company pay for the fees.

The report is sent to the requestor, the certified public accountants, and the administrator. This report should be attached to the one drawn up by the certified public accountants for presentation to the future general meeting and it should be given the same publicity.

Article 68: Ways of Making Appointments

Certified public accountants are appointed by the partners for a period of six fiscal years.

The free selection of one or more certified public accountants is limited by the conflicts of interest mentioned in Articles 168 and 169 of this law.

Studies made without appointing certified public accountants in the cases in which they are required to do so by this law or studies of reports of certified public accountants who are appointed or who have remained in their positions in opposition to the rules stated in this article are considered to be invalid. These studies are not invalid if they are expressly confirmed by the general meeting on the basis of the report of the certified public accountants, who are appointed in the regular manner.

Article 69: Regulations Dealing With Certified Public Accountants

The provisions dealing with the powers, functions, tasks, responsibility, replaceability, resignation, discharge, and compensation of the certified public accountants of public companies are also applicable in the case of limited-liability companies, keeping in mind the special regulations pertaining to the latter company.

The certified public accountants are informed at the same time as or before the partners are informed about general meetings or consultations.

The documents mentioned in the first paragraph of Article 56 of this law are made available to the certified public accountants at the company's headquarters, at least 40 days before the general meeting.

Article 70: Reclaiming Dividends

Dividends which do not correspond to the profits actually realized can be reclaimed from the partners who have received them. The statute of limitations for bringing suit for reclaiming dividends expires three years from the date that the dividends were distributed.

Article 71: Bankruptcy, Incompetence, or Death of a Partner

A limited-liability company is not dissolved when one of its partners becomes bankrupt or incompetent.

Likewise, it is not dissolved when a partner dies, unless the statute stipulates otherwise.

Article 72: Loss of Half the Starting Capital

If the company's own capital, because of losses noted in the financial documents, is less than one-half the starting capital, the partners make a decision, within four months of the approval of the accounts which reflect this loss, on whether the company should be dissolved prematurely.

If the dissolution is not proclaimed by the necessary majority required for making changes in the statute, the company is required to reduce its capital to an amount which is no less than that of the losses not covered by reserve funds, keeping in mind the regulations of Article 38 of this law. This operation must be carried out no later than the end of the first fiscal year for which the loss was noted, provided that, within this period, the company's own capital did not amount to more than one-half of the starting capital.

In both cases, the resolution of the partners is published in a newspaper authorized to publish legal announcements. It is also recorded in the trade register.

In the absence of an initiative to make a decision on the part of the administrator or the certified public accountant or if the partners have not been able to made a useful decision, any person involved can seek that the company be dissolved by court action.

The dissolution of a company can also be sought if the provisions contained in the second paragraph of this article are not implemented. The court can give the company a maximum of six months to put the situation in order. The court cannot proclaim the dissolution of the company if it is put in order on the day on which it meets to make its decision.

Article 73: Conversion of a Company

Conversion of a limited-liability company to a general partnership or a limited partnership takes place with the unanimous approval of the partners.

Conversion to a public company is carried out by the majority vote required to change the statute, only after the limited-liability company has ensured that the balance sheet for the last two years of its activity has been drawn up and approved by the partners.

The decision is made after the report on the situation of the company is presented by an expert on conversion; when there is no such expert, one is appointed especially for this case.

Any conversion carried out contrary to the regulations contained in this article is invalid.

Chapter V
Public Companies

Article 74: Definition and Name of the Company; Regulations on Acts and Documents

A public company is a company whose capital is divided into stocks and which is established by partners who are held responsible for losses only up to the limit of their contribution to the starting capital. The company can be established by and can have one or many partners. It has a name which has before it or after it the designation "public company" or "ShA" [shoqeri anonime] [SA] and the amount of the starting capital. The name of one or more of the partners can be included in the name of the company. These notations and the names of the members of the board of directors and the chairman of the council of overseers must be on all the acts and documents issued by the company which are intended for third parties.

Article 75: Starting Capital

The minimal value of the starting capital for companies without public offerings is 2 million leks while, for companies with public offerings, it is 10 million leks on the date that the statutes are signed.

The reduction of the starting capital to an amount which is less than the amount specified in the above paragraph requires that a decision be made by the company to increase the starting capital to at least the minimal amount. Otherwise, the company must be converted to another type. If the requirements stated in this paragraph are not fulfilled, any person involved can seek, through the courts, the dissolution of the company. This dissolution cannot be proclaimed if the situation is put in order on the day on which the court meets to make a decision.

Article 76: Designation of Companies With Public Offerings

Companies with public offerings are those whose stocks are officially registered on the stock market, beginning with the date of registration, or those which, in order to sell any type of stocks, use the services of banks, financial institutions, stockbrokers, or publications of any type and dissemination outside the media designated for this purpose. All other public companies are companies without public offerings.

Article 77: Conversion of Other Companies Into Public Companies

When a company of another type is converted into a public company, by court decision and at the request of the directors of the company or of one of them, one or more experts are appointed to convert the company. They are charged with assuming responsibility for evaluating the assets of the company and the special advantages. They can be charged with preparing a situation report on the company, as specified in the third paragraph of Article 73 of this law. In this case, only one report is compiled. These experts are subject to the rules on conflict of interest presented in Articles 168 and 169 of this law. The certified public accountant of the company can be named conversion expert by unanimous decision of the partners. The report is made available to the partners.

The partners meet to decide on the evaluation of the assets and the special advantages; they can reduce them only by unanimous decision.

The conversion is invalid if the partners are not in favor of it and this must be noted in the *proces-verbal.*

Section I
Establishment of Companies With Public Offerings

Article 78: Signing and Deposition of the Statute

The draft statute is drawn up and signed by one or more of the founders who file a copy with the trade register.

The founders publish an announcement in accordance with the conditions set by a special law.

Any signing which does not comply with the formalities required by paragraphs 1 and 2 of this article is considered to be unacceptable.

Article 79: Deprivation of the Right To Be a Founder

Persons prohibited by law from being administrators of a company or those who are prohibited from carrying out these functions cannot be founders.

Article 80: Subscribing of Capital and Payment for Stocks

The capital must be subscribed completely.

At the time of the subscription, at least one-fourth of the nominal amount of the stocks for contributions in cash must be paid. The remaining amount is paid in one or more installments, according to the decision of the board of directors.

Stocks for contributions in kind are paid completely at the time of subscription.

Stocks cannot represent contributions in services.

Article 81: Subscription Bulletin

Subscription of stocks for contributions in cash are recorded in a bulletin compiled in accordance with the conditions stipulated in a special law.

Article 82: Depositing Funds

The funds resulting from subscriptions for contributions in cash and the lists with the surnames, first names, home addresses, and amounts of money paid by each person are filed with a notary or a bank for the accounts of the company which is being formed, in accordance with the regulations presented in paragraph 2 of Article 78 of this law.

The party holding the funds up until their withdrawal must communicate to each subscriber who proves that he is a subscriber the list mentioned in the above paragraph. Any requester can get information on this list and can receive a copy of it for a fee.

Article 83: Registering the Subscriptions and Payments

The subscriptions and payments are registered by a certificate which is issued by the holder of the funds and drawn up at the time the funds are deposited, on the basis of subscription bulletins.

Article 84: General Meeting of Incorporation

Within a month of the proclamation of the subscriptions and the payments, the founders call the subscribers to the general meeting of incorporation.

The announcement gives the place, date, and time of the general meeting of incorporation. This announcement is published in a newspaper authorized to publish legal announcements, at least 14 days before the date of the general meeting.

The general meeting certifies that the capital has been subscribed completely and that payment has been made for stocks in the required amount. It gives its approval for the adoption of the statute, which cannot be changed without the unanimous approval of all the subscribers; it appoints the first members of the council of overseers and designates one or more certified public accountants.

The *proces-verbal* of the general meeting indicates whether the members of the council of overseers and the certified public accountants have accepted their duties.

Article 85: Contributions in Kind and Special Advantages

For the evaluation of the contributions in kind and the provisions dealing with the special advantages granted to partners or nonpartners, at the request of the founders or of one of them, one or more experts on contributions, who will carry out the evaluation under their responsibility, are appointed by court decision. They are subject to the same rules on conflict of interest as the certified public accountants, specified in Articles 168 and 169 of this law.

The report of the experts is filed at the company headquarters at least eight days before the date of the general meeting of incorporation and is attached to the statute filed with the trade register.

It must be made available to the subscribers, who can become informed about it or receive a copy of the full report or part of it.

The general meeting of incorporation makes a decision on the evaluation of the contributions in kind and the granting of special advantages.

It can make reductions only with the unanimous consent of all the subscribers.

If any of the contributors or of the persons benefitting from special advantages do not give their approval, this must be noted in the *proces-verbal* and the company is not established.

Article 86: Decisionmaking at the General Meeting of Incorporation

The subscribers of the stocks participate in the voting or are represented in accordance with the conditions stipulated in Articles 135 and 140 of this law.

The session of the general meeting examines issues under the conditions for a quorum and majority stipulated for the sessions of extraordinary general meetings.

Article 87: The Right To Vote at the General Meeting of Incorporation

When the general meeting examines the request for the approval of a contribution in kind or for granting a special advantage, the stocks of the contributor or of the person profiting from the special advantage are not taken into consideration in calculating the majority. The contributor or the person profiting from the advantage does not have the decisive vote either in his own name or as a proxy.

Article 88: Withdrawal of Deposited Funds

The withdrawal of funds resulting from subscriptions for contributions in cash is carried out by the proxy tasked by the company after its registration with the trade register.

If the company is not established within six months of the date of the filing of the draft statute with the trade register, any subscriber can seek, through the courts, the appointment of a proxy charged with withdrawing funds, who will return the funds to the subscribers after distribution expenses are paid.

If the founder or the founders decide to establish the company at a later date, funds will have to be deposited again and the required procedure stated in Articles 82 and 83 of this law will have to be carried out.

Section II
Establishment of Companies Without Public Offerings

Article 89: Provisions for Implementation

When the company does not have public offerings, the provisions of the first section of Chapter V are implementable, with the exception of Articles 78, 81, 84, paragraphs 3-7 [as published] of Article 85, and Articles 86 and 87 of this law.

Article 90: Proof of Deposits

Deposits are proven by a certificate from the holders of the funds, drawn up at the time that the funds are deposited, on the basis of the list of stockholders which notes the amounts deposited by each one of them.

Article 91: Contributions in Kind and Special Advantages

The evaluation of the contributions in kind is presented in the statute. This evaluation is made on the basis of a report which is attached to the statute and which is drawn up by an expert for the contributions under his responsibility.

The same procedure is followed for the special advantages, if there are any.

The report is made available to future stockholders, at the place designated to be the company headquarters, at least three days before the statute is signed. Stockholders can receive copies of the report.

Article 92: Signing the Statute

The statute is signed by the stockholders or by their assigned proxies after the certificate of the holder of the funds is drawn up.

Article 93: Designation of the Directors and the Certified Public Accountants

The first members of the council of overseers and the first certified public accountants are designated in the statute.

Section III
State Companies

Article 94: Provisions for Implementation

State companies are subject to the general legislation on companies unless any special law stipulates otherwise.

Article 95: Definition

A state company is a public company in which all the stocks are held by the state or by a public agency.

Section IV
Management of Public Companies

Subsection I
The Board of Directors

Article 96: Composition of the Board of Directors and Control Over It

A public company is managed by a board of directors composed of one or more members.

In public companies with capital of more than 5 million leks at the time that the board of directors is appointed, the board of directors will have at least two members, unless the statute states that it will have only one member.

The board of directors carries out its operations under the control of a council of overseers.

Article 97: Appointment of Members of the Board of Directors

Members of the board of directors are appointed by the council of overseers which assigns one of them the position of director.

The members of the board of directors are physical persons, otherwise their appointment is invalid. They can be chosen from outside the group of stockholders.

Article 98: Removal of Members of the Board of Directors

Members of the board of directors can be removed by the council of overseers for legitimate reasons.

The following, in particular, are considered to be legitimate reasons: a serious transgression on the part of the member of the board of directors, his inability to carry out his duties properly, or loss of confidence in him by the organization. This does not apply to cases where the dismissal is openly instigated for reasons which have nothing to do with the interests of the company.

The dismissal remains in effect until the court decision proving the invalidity of the dismissal becomes legal.

The work contract of the party concerned continues to be subject to the provisions of Albanian legislation.

Article 99: Length of the Term of the Members of the Board of Directors

The length of the term of the members of the board of directors is set in the statute at two to six years. If there is no provision in the statute, the term is for four years. If a position becomes vacant, a replacement is named for the period remaining until the appointment of a new board of directors.

Article 100: Compensation of Members of the Board of Directors

The manner and amount of compensation of each member of the board of directors is stipulated when the member is appointed.

Article 101: Powers of the Board of Directors and Its Decisionmaking

The board of directors has full powers to operate in all circumstances in the name of the company. It exercises these powers within the purpose of the company but is limited by those powers which the law gives expressly to the council of overseers and the general meetings of stockholders. In its relations with third parties, the company assumes duties which result from the actions of the board of directors even when these actions are not included in the purpose of the company. The company is not held responsible for damages to third parties when it proves that the third parties knew that the action of the board of directors exceeded the purpose of the company or when the third parties could not be unaware of this action in the given circumstances, keeping in mind the fact that the proclamation of the statute is not sufficient proof.

The provisions of the statute which limit the powers of the board of directors must be respected by third parties.

The board of directors carries out examinations and makes decisions in accordance with the conditions specified in the statute.

Article 102: Representation of Third Parties

The members of the board of directors, if the board is composed of a number of members, represent the company jointly in relations with third parties, if the statute does not specify otherwise. The statute can give the council of overseers the right to give one or more members of the board of directors the power to represent the company alone or together with another member.

Complaints or appeals that third parties address to the company are valid when they are sent to the board of directors.

Members of the board of directors who have the power to represent the company jointly can give some of their members the power to represent the board alone for certain specific operations or for certain specific categories of operations.

The provisions of the statute which restrict the power to represent the company must be respected by third parties.

Subsection II
The Council of Overseers

Article 103: Powers

The council of overseers exercises continuing supervision over the manner in which the board of directors manages the company.

The completion of the operations listed in the statute takes place with the advance authorization of the council of overseers.

The exceeding of the powers of this authorization must be respected by third parties who have not been informed about it.

The council of overseers has the right to carry out, at any time, verification and monitoring operations which it considers to be reasonable and to try to become informed by means of documents which it believes to be necessary for carrying out its duties.

The board of directors submits a report to the council of overseers at least every three months.

Within three months of the end of the fiscal year, the board of directors submits to the council of overseers the documents stipulated in paragraph 2 of Article 130 of this law for the purpose of verification and monitoring.

The council of overseers, in accordance with Article 130, presents to the general meeting its comments on the report of the board of directors and on the annual financial balance sheet.

Article 104: Composition

The council of overseers is composed of no fewer than three members and no more than 21. The number of members must be divisible by three.

If companies are merged, this number can be increased upto the total number of members of the councils of overseers of the companies which are merged, until the next regular general meeting.

No member of the council of overseers can be a member of the board of directors. If a member of the council of overseers is named a member of the board of directors, his term on the council of overseers ends as soon as he moves into his new position.

Article 105: The Appointment of Members of the Council of Overseers and Their Period of Activity

Two-thirds of the members of the council of overseers are named by the general meeting of incorporation or by the regular general meeting. In the case specified in Article 93 of this law, they are designated in the statute. If there has been a merger or split, the appointment can be made by the assembly in its extraordinary general meeting.

The period of activity of the members of the council of overseers is specified in the statute. It cannot exceed six years for members named by the assembly and three years for members designated in the statute.

Members can be reelected, unless the statute specifies otherwise. They can be removed at any time by an ordinary genral meeting.

An employee of the company cannot be a member of the council of overseers who is appointed by the general meeting of stockholders.

Any appointment made in violation of the above rules is invalid, with the exception of cases which satisfy the conditions stated in Article 108 of this law.

Article 106: A Juridical Person as a Member of the Council of Overseers

A juridical person can be appointed to the council of overseers. It must designate a permanent representative who will be subject to the same conditions and obligations and have the same civil and penal reponsibilities that he would have if he were a member of the council, while not excluding the juridical person which he represents from joint responsibility.

A juridical person which discharges its representative must present a replacement at the same time.

Article 107: Limitation of Mandates

No physical person can be a member of more than eight councils of overseers of public companies with headquarters in Albania.

Any physical person who, when he takes on a new mandate, violates the provisions of the above paragraph, must give up one of his mandates within three months of the date of his appointment.

After this deadline expires, he is considered to be discharged from his most recent mandate and he must return the compensation received, but the validity of the decisions in which he participated up to that time is not in doubt.

The rules in the first paragraph of this article are not applicable in the case of permanent representatives of juridical persons or members of the councils of overseers of those companies in which more than 20 percent of the capital is held by another company, when they are members of the board of directors or of the council of overseers. In this case, the number of mandates held by the respective company, on the basis of this paragraph, must not be more than five.

Likewise, the rules in the first paragraph of this article are not applicable in the case of employees of the state administration, appointed by the state as members of the council of overseers of a state company. In this case, the number of mandates held by the party concerned, on the basis of this paragraph, must not exceed three.

Article 108: Vacancies

In the case of vacancies resulting from the death or resignation of one or more members of the council of overseers, this council can make temporary appointments, for the period between the two general meetings.

When the number of members of the council of overseers falls below the legal minimum, the board of directors must immediately convene a regular general meeting to complete the membership of the council of overseers.

When the number of members of the council of overseers falls below the minimum required by the statute, but is not below the legal minimum, the council of overseers, within three months after the date of the creation of the vacancies, must make temporary appointments to complete the membership.

The appointments made by the council, on the basis of paragraphs 1 and 3 of this law, are submitted for ratification at the next regular general meeting. In the absence of ratification, the examinations carried out and the decisions made earlier by the council remain valid.

If the council fails to make the required appointments or if no general meeting is called, any interested party can seek, by means of the court, that a proxy be designated to call a general meeting which will make the appointments.

Article 109: Members Elected by the Employees

One-third of the members of the council of overseers are elected by the employees of the company.

If the number of members elected by the employees is two or more, engineers, cadres, and the like have at least one seat on the council of overseers.

Article 110: The Election Process

The members of the council of overseers elected by the employees must have signed a labor contract at least two years before their appointment to this council, which should correspond to an actual job. This condition in regard to the length of time that the contract is in effect is not required when the company was established less than two years before the appointment of the overseers.

All the employees of the company who signed labor contracts more than three months before the date of the elections are considered to be voters. Voting is by secret ballot.

If at least one place on the council of overseers is reserved for engineers, cadres, and the like, the employees are divided into two electoral groups, which vote separately. The first group includes engineers, cadres, and the like, and the second group, other workers.

The statute sets the distribution of places according to groups on the basis of the personnel structure.

Candidates or lists of candidates can be presented with the signatures of one-twentieth of the employees of the company or of 100 of them if the number of employees is more than 2,000.

If votes are being cast for a single place in the entire electorate, the elections are carried out by majority vote, in two rounds of voting. If votes are being cast for a single place in one of the electoral groups, the elections are carried out by majority vote, in two rounds of voting in the respective group. Each candidacy must have, in addition to the name of the candidate, the name of his possible replacement. The candidate who receives the absolute majority of votes in the first round and the relative majority of votes in the second round is considered to be elected.

If there is an equal number of votes, the candidate who has proportional representatives and without mixing the candidates of the two ballots with each other [as published]. Each ballot must have twice as many candidates as there are places available.

If there is an equal number of votes, the candidate who has had a work contract for the longest time is considered to be the winner.

Other voting regulations are set by the statute.

Complaints connected with the electorate, with the right to be elected and the regulation of the electoral process are made to the court which makes decisions in the final instance on an immediate basis.

Article 111: Length of the Term of the Members Elected by the Personnel

The length of the term is stipulated in the statute but it must not be more than six years. The mandate is renewable, unless the statute specifies otherwise.

Any appointment made in violation of articles 109 and 110 and of this article is invalid. This invalidity does not affect the decisions made in the presence of the member who has been appointed in an irregular manner.

Article 112: Conflicts of Interest for Members Elected by the Personnel

The mandate of a member of the council of overseers elected by the employees is incompatible with any other mandate representing the employees of the company. A member who, at the moment of his election, is the holder of one or more other mandates must resign these mandates within eight days. Otherwise, he will be considered to be discharged from his mandate as a member of the council of overseers.

Article 113: Effect on the Labor Contract

Members of the council of overseers who are elected by the employees do not lose the advantages which the labor contract gives them. Their compensation as employees cannot be reduced because they exercise this mandate.

Article 114: Special Reasons for the Withdrawal of the Mandate of the Members Elected by the Personnel

Dissolution of the labor contract ends the mandate of the member of the council elected by the employees.

The members elected by the employees can be discharged only for transgressions in exercising their mandates and by decision of the court which meets in emergency session, at the request of the majority of the members of the council of overseers. The decision is executed temporarily until it takes final form.

Article 115: Dissolution of the Labor Contract of a Member Elected by the Employees

The dissolution of the labor contract of a member of the council of overseers who is elected by the employees, with the exception of the case when this is done at the initiative of the member himself, is proclaimed only by the court, meeting in emergency session. The decision is executed temporarily until it takes final form.

Article 116: Vacancies for Members Elected by the Personnel

Vacancies which are created as a result of the death, resignation, discharge, or dissolution of the labor contract of a member of the council of overseers who are elected by the employees are filled in the following ways:

—when the election is the result of majority vote, in two rounds of balloting, the vacancy is filled by the replacement;

—when the election is the result of voting with lists of candidates, the vacancy is filled by the candidate on the same list who comes after the last person elected.

The mandate of the member elected in these ways ends after the completion of the normal period for the mandate of the other members who have been elected by the employees.

Article 117: Chairman and Deputy Chairman of the Council of Overseers

The council of overseers elects from among its members a chairman and a deputy chairman who are charged with convening the council and directing the discussion during its sessions. If it desires, it determines their compensation.

The chairman and the deputy chairman of the council of overseers are physical persons and cannot be elected from among representatives of juridical persons; otherwise, their appointment is invalid. They exercise their functions during the entire period of the mandate of the council of overseers.

Article 118: Quorum and Majority for Making Decisions

The council of supervisors cannot make valid decisions without the presence of at least one-half of its members.

Decisions are made by simple majority of the votes of members present or their representatives, with the exception of the case in which the statute specifies a larger majority.

The vote of the chairman is decisive, if there is a tied vote, unless the statute specifies otherwise.

Article 119: Special Compensation for Membership on the Council

The assembly can set for members of the council of overseers a fixed annual sum of money as compensation for their participation in the meetings of the council. The assembly sets this sum regardless of the provisions of the statute or of previous decisions. The compensation of members of the council of overseers comes out of the accounts of the company.

Article 120: Extraordinary Compensation

The council of overseers can set extraordinary compensation for services or tasks which are entrusted to members of the council of overseers. In this case, the compensation which is paid out of the accounts of the company is subject to the regulations of Articles 122 to 125 of this law.

Article 121: Compensation of Members of the Council of Overseers

Members of the council of overseers, with the exception of those who are elected by the employees, cannot receive any compensation, permanent or not permanent, from the company, besides the compensation specified in articles 117, 119, and 120 of this law. Any provision contrary to this article will be disregarded and any conflicting decision is considered to be invalid.

Subsection III
General Provisions

Article 122: Agreements Which Require Authorization

The following agreements require the prior authorization of the council of overseers:

—all the agreements made between a company and a member of the board of directors or of the council of overseers of this company;

—agreements with which one of the aforementioned persons is linked indirectly or in which the person is linked with the company through an intermediary;

—agreements between a public company and another economic subject of any type, if one of the members of the board of directors or of the council of overseers of the public company is the owner, "unlimited" partner, administrator, or member of the board of directors of the other economic subject. The persons who control the other economic subject in accordance with Article 219 of this law are considered to be owners.

The regulations in this law are not applicable in the case of agreements made for everyday operations and carried out under normal conditions.

Article 123: Monitoring of Agreements

The member of the board of directors or of the council of overseers who is involved must inform the council of overseers as soon as he learn of an agreement meeting the requirements of Article 122. If he is a member of the council of overseers, he cannot participate in the vote to give authorization.

The chairman of the council of overseers informs the certified public accountants of all authorized agreements and sends them to the general meeting for approval.

The certified public accountants present a special report on these agreements to the general meeting which makes a decision on this report.

The party concerned cannot participate in the vote and his stocks cannot be taken into account in calculating the quorum and majority.

Article 124: Nonapproval of Agreements

Agreements approved by the general meeting and those which are not approved by it have effects on third parties, except for cases when they are invalidated by fraud.

Even in the absence of fraud, the harmful effects on the company of unapproved agreements can obligate the member of the council of overseers or of the board of directors who is involved and possibly the other members of the council of overseers.

Article 125: Invalidity of Agreements

The agreements mentioned in Article 122 and concluded without the prior authorization of the council of overseers can be invalidated if they have had harmful results on the company, while not absolving the party concerned of responsibility.

Any lawsuit on the invalidity of the agreement must be brought within three years of the date of the agreement. However, if the agreement has been a secret one, then the date that the agremeent was made public is considered to be the date that the statute of limitations begins.

The question of the invalidity can be submitted to the vote of the general meeting which examines the special report of the certified public accountants which presents the reasons why the authorization procedure was not carried out. In this case, paragraph 4 of Article 123 of this law is implemented.

Article 126: Prohibition of Loans

Members of the board of directors and members of the council of overseers, except for those who are juridical persons, are prohibited from contracting in any form to receive loans from the company, to give down payments by means of the company, and to become cosigners or to guarantee obligations to third parties by means of the company. Any contract which is in conflict with the above prohibitions is invalid.

However, if the company is established as and operates as a banking institution, this prohibition is not in effect for the everyday operations of its business activity carried out under normal conditions.

The same prohibition is applicable for the permanent representatives of juridical persons who are members of the council of overseers. It also applies to the spouses, ancestors, and descendants of the persons mentioned in this article and to any person acting as an intermediary.

Article 127: Obligation to Secrecy

Members of the board of directors and of the council of overseers and any person who is called to participate in the meetings of these organs must protect the secrecy in regard to information which is regarded to be inside information by the chairman.

Section V
The General Meeting of Stockholders

Article 128: The Extraordinary General Meeting

Only the extraordinary general meeting has the power to amend the statute and all its provisions. Any provision to the contrary is considered to be invalid. However, the meeting cannot increase the obligations of the stockholders, with the exception of the operations resulting from the regrouping of the stocks which is carried out on a regular basis.

The extraordinary general meeting can issue valid decisions only if the stockholders present or represented control at least one-half of the stocks at the first session and one-fourth of the stocks with voting rights at the second session. In the absence of this quorum, the second session of the general meeting can be postponed to a later date but no later than two months from the date of the first convocation.

It issues decisions by a three-fourths majority of the votes of the stockholders who are present or represented.

Article 129: The Regular General Meeting

The regular general meeting issues every decision, with the exception of those which are mentioned in Article 128.

It issues valid decisions at the first meeting, only if the stockholders who are present or represented control at least one-fourth of the stocks with voting rights. If this meeting does not take place, no type of quorum is sought in the second meeting.

The regular general meeting issues decisions by the majority of the votes controlled by the stockholders who are present or represented.

Article 130: The Session of the Regular General Meeting

A session of the regular general meeting is convoked at least once a year, within six months after the end of the fiscal year. This deadline can be extended by court decision.

After the reading of the report, the board of directors presents the annual reports to the general meeting and, if necessary, the consolidated accounts.

In addition to other things, the certified public accountants present a report on the execution of the tasks assigned, in accordance with the demands of Article 178 of this law.

The general meeting examines and decides on all the financial issues of the past fiscal year.

It exercises the powers assigned to it by Articles 105, 108, 119, paragraph 3 of Article 123, and Article 125 of this law.

The general meeting authorizes the issuance of bonds and the issuance of special securities instruments connected with them. However, in regard to companies which have as their main activity the issuance of bonds for financing the loans which they have accepted, the board of director has full powers to issue these loans, with the exception of cases in which the statute stipulates otherwise.

Article 131: The Purchase of Considerable Assets Belonging to a Stockholder

When a company, within two years of its registration, purchases an asset which belongs to a stockholder and which has a value of one-tenth of the starting capital, an expert is assigned by court decision, at the request of the board of directors, to evaluate the assets under its responsibility. This expert is subject to the conflict of interests provisions specified in Articles 168 and 169 of this law.

The report of the expert is made available to the stockholders. In its session, the regular general meeting makes a decision on the evaluation of the assets, otherwise the purchase is invalid. The seller does not have the right to participate in the evaluation, either personally or by means of a proxy.

The rules in this article are not applicable if the purchase is made on the stock market, under the supervision of a juridical authority or as part of the everyday activities of the company, carried out under normal conditions. They are not applicable when the company has only one stockholder.

Article 132: Convoking a Session of the General Meeting

A session of the general meeting is convoked by the council of overseers or the board of directors.

In their absence, it can also be convoked:

1. By the certified public accountants;

2. By a proxy designated by the court at the request of the party concerned, in an emergency, or at the request of one or more of the stockholders who control, together, at least one-tenth of the starting capital;

3. By the liquidator.

Sessions of the general meeting of stockholders are held at the company's headquarters when the statute does not specify otherwise.

Article 133: Method of Notification

The sessions of the general meeting of stockholders are convoked by means of an announcement published in a newspaper authorized to publish legal announcments.

If all the stocks are registered or if the company has only one stockholder, the publications stipulated in the above paragraph can be replaced by a notice sent in a registered letter to each stockholder at the company's expense.

The announcement, which the stockholders must receive or be informed about at least 15 days before the general meeting, specifies the date, time, and place of the meeting, as well as whether it is a regular, extraordinary, or special session and also gives the agenda. If necessary, it indicates where bearer stocks or certificates of deposit of these stocks should be deposited for participation in the general meeting and the deadline for depositing them.

Any session of the general meeting which is convoked in an irregular manner can be cancelled.

However, the cancellation is not accepted when all the stockholders are present or represented.

Article 134: Setting the Agenda

The agenda of the sessions of the general meeting of stockholders is set by the author of the announcement.

However, one or more stockholders who represent at least 5 percent of the capital have the right to place some draft resolutions on the agenda.

These draft resolutions are sent to the company's headquarters along with a cover letter and a document which certifies the control or representation of the share of capital required by the second paragraph of this article.

The general meeting cannot examine any issue which is not on the agenda. However, it can discharge one or more members of the council of overseers and proceed to replace them under any circumstances.

The agenda for the session of the general meeeting cannot be changed in the second announcement.

Article 135: Representation of a Stockholder

A stockholder can be represented by another stockholder or by his or her spouse.

Each stockholder can receive the power given to him by other stockholders to represent them at a session of the general meeting without any restrictions other than those resulting from legal limitations or from the statute, which stipulate the maximum number of votes which the same person can control, either in his own name or as a proxy.

The mandate is given only for one session of the general meeting. But it can be given for two sessions of the general meeting, one of which is a regular session and the other, an extraordinary session, which are held on the same day or within seven days.

A mandate given for one session of the general meeting is valid for other sessions of the general meeting which are convoked to continue with the same agenda.

Any provisions contrary to the regulations in the above paragraphs are considered to be invalid.

Article 136: Presenting Documents to the General Meeting

At least 15 days before the general meeting, the board of directors will send or make available to the stockholders the documents they need to enable them to become

familiar with and to formulate a complete judgement about the administration and progress of the business of the company.

These documents will include, in particular:

1. The agenda of the general meeting;

2. The text of the draft resolutions presented;

3. A comprehensive picture of the situation of the company during the past fiscal year, along with a table which gives the results for each of the past five fiscal years;

4. The report of the certified public accountants which, if necessary, will be presented to the meeting when an extraordinary session is being held.

If the appointment of members of the council of overseers is on the agenda, the following information is also provided:

a) the surname, first name, and age of each of the candidates, professional data, and their professional activity during the past five years, especially the positions which they hold or have held in other companies;

b) the positions and duties of the candidates in the company and the number of shares which they have in the company, of which they are owners or bearers.

On the basis of the documents mentioned in this article, each stockholder has the right to submit questions in writing, which the board of directors must answer during the general meeting.

Article 137: The Right To Vote Which Has Its Basis in the Registering of the Stockholder or the Depositing of the Stocks

The right to participate in the general meeting can be based on the recording of the stockholder in the register of the registered stocks of the company or by the depositing, in the place indicated in the announcement of the meeting, of the bearer stocks or by a certification that the stocks have been deposited, issued by the bank holding these stocks.

The deadline for executing these formalities is specified in the statute. It cannot be more than five days after the session of the general meeting.

Article 138: The Right To Vote Stocks Held by the Company

The company cannot vote validly by using stocks which have been subscribed, bought, or mortgaged by it. These stocks are not taken into account in calculating a quorum.

Article 139: Participation in the Sessions of the Regular Meeting

The statute can require a minimum number of stocks, which cannot be greater than 10, for participation in the sessions of the regular general meeting.

A number of stockholders can join together to achieve the minimum number specified by the statute and to be represented by one of them.

Article 140: Participation in the Sessions of the Extraordinary General Meeting

Every stockholder can participate in sessions of the extraordinary general meeting. Any provision to the contrary is considered to be invalid.

Article 141

Members of the Council of Overseers, members of the Board of Directors, and certified public accountants can take part in all the sessions of the general meeting of stockholders, with consultative vote. They must be notified in writing by the deadline set in Article 133 of this law. They have a decisive vote only when they are voting as stockholders.

Article 142: Proof of Participation and the *Proces-Verbal*

Proof of participation is given for every general meeting. The proceedings of the session are presented in the *proces-verbal*. The notes which are kept in the record of participation and in the *proces-verbal* and the regulations for keeping them are stipulated by a special law.

Article 143: The Right to Information About Some Documents of the Company

Beginning with the moment of the announcement of the annual session of the regular general assembly and at least 15 days before it begins, each stockholder or proxy appointed by him as a representative to the general meeting has the right to learn about the following, at the company's headquarters or at the headquarters of the administrative management:

—The inventory, the annual financial balance sheeet, and the list of members of the board of directors and the council of overseers;

—The reports of the board of directors, the council of overseers, and the certified public accountants which will be presented to the general meeting for examination;

—If necessary, the text and the arguments for resolutions which are proposed, as well as data on candidates for the council of overseers;

—The total amount, verified with accuracy by the certified public accountants, above the compensation given for persons who are paid more. There should be

10 of these people if there are more than 200 employees and five in other cases.

The right to information also includes the right to be given copies of these documents, in addition to a copy of the inventory.

Article 144: The Right to Information on the List of Stockholders

Every stockholder has the right to be informed of or to receive copies of the list of stockholders at the headquarters of the company or the management, 15 days before the general meeting.

Article 145: The Right To Have Documents Available

Every stockholder has the right, at any time, to have available the documents of the company mentioned in Article 143 for the last three fiscal years as well as the *proces-verbals* and records of participation in general meetings during the last three years.

Article 146: Refusal To Make Documents Available

If the company refuses, completely or partially, to make documents available, in violation of the regulations of Articles 143-145 presented above, the matter is submitted to the court for a decision, at the request of the stockholder who suffered the refusal.

Article 147: Invalidity of Issues Examined

Issues examined by the general meeting in violation of Article 129, paragraphs 2 and 3 of Article 130, and Articles 134 and 143 of this law are invalid. If the provisions of Articles 144 and 145 of this law are violated, the general meeting can be cancelled.

Article 148: Number of Votes

The right to vote which comes from the control of stocks is proportional to the share of capital which they represent and each share of stock gives the right and at least one vote, with the exception of the rules stipulated in Articles 87 and 149 of this law. Any provision to the contrary is considered to be invalid.

Article 149: Limitation of the Number of Votes

The statute can limit the number of votes which each stockholder has in the general meetings, on the condition that this limitation is placed on all types of stocks regardless of category.

Section VI
Changes in Starting Capital

Subsection I
Increasing Capital

Article 150: Methods

The starting capital is increased by issuing new stocks or by raising the face value of the existing stocks.

The new stocks are paid for in cash, with settlement of a cash credit requested and obliged to be paid for by the company, by including reserves, earnings, or issuance premiums, by payment in kind or by the conversion of bonds.

The capital is increased by raising the nominal value of the stocks only with the unanimous approval of the stockholders, with the exception of the case in which this is done by including reserves, earnings, or issuance premiums.

Article 151: Value of New Stocks at Issuance

New stocks are issued at face value or at a higher value which includes the issuance premium.

Article 152: Competent Bodies

The extraordinary general meeting is the only body which is competent to decide in its meeting to increase the capital on the basis of the report of the board of directors.

If the capital is increased by including reserves, earnings, or issuance premiums, the general meeting makes its decision with the quorum or the majority specified in Article 129, disregarding the provisions of Article 128 of this law.

The general meeting can delegate to the board of directors the powers required to increase the capital one or more times, to determine the methods, to monitor the execution of the process, and to proceed to make appropriate changes in the statute.

Any provision in the statute which gives the board of directors the power to decide to increase the capital is disregarded.

Article 153: Deadline for Implementation

The capital must be increased within five years of the date on which the general meeting made its decision or gave its authorization for increasing capital.

Article 154: Payment and Verification of Capital

Before the issuance of any new stocks which are paid for in cash, the capital must be paid for completely; otherwise, the operation is considered invalid.

Among other things, any increase in capital by public offering carried out no later than two years after the establishment of a company, in accordance with Articles 89-93, must be preceded, in accordance with the conditions mentioned in Articles 85-87 of this law, by an audit of the assets and liabilities and, if necessary, of the special advantages received.

Article 155: The Right to Priority in Subscription

Stocks give the right to priority in subscription for increasing capital.

Stockholders have the right to priority in subscription for increasing cash capital, in proportion to the number of shares which they control. Any provision to the contrary is invalid.

During the subscription period this right is negotiable, when it is connected with stocks which are negotiable; otherwise, this right is transferable under the same conditions as the stock itself.

The conditions for giving unsubscribed new stocks and for distributing their surplus are set by the general meeting.

Article 156: Removal of the Right to Priority

The general meeting which decides on increasing capital can remove the right to priority in subscription. It makes its decision on the basis of the report of the board of directors and of the certified public accountants; otherwise, the decision is invalid.

The eventual recipients of the new stocks cannot participate in the vote which gives them the right to priority in subscription; if they do, the vote is considered to be invalid. The quorum and majority required for making this decision are calculated after the stocks controlled by the aforementioned recipients are deducted.

Article 157: Time Period for Subscription

The time period which is set for the stockholders to exercise their subscription rights cannot be less than 20 days from the date that the subscription opens.

The subscription period can conclude early if all the subscription rights have been utilized.

Article 158: Publication of the Subscription

Before the opening of the subscription, the company completes the formalities of publication, using the methods set by a special law.

Article 159: Subscription Bulletin

The subscription contract is presented in a bulletin drawn up in accordance with the conditions stipulated by a special law.

Article 160: Payment for the Subscribed Stocks and Withdrawal of Funds

The stocks subscribed for cash contribution must be paid for at the time of subscription; at least up to one-quarter of their face value and, if necessary, the full amount of the issuance premium.

At this time, the provisions of the first paragraph of Article 82 are implemented, with the exception of those dealing with the list of subscribers. The funds resulting from subscriptions for cash contributions can be withdrawn by a proxy designated by the company after a certificate is drawn up by the depositor.

If the increase in capital is not carried out during the six-month period following the opening of the subscription, the regulations in Article 88, paragraph two, of this law can be applied.

Article 161: Proof of Subscriptions and Payments

Subscriptions and payments are proven by a certificate of deposit drawn up at the time the funds are deposited, with the presentation of the subscription bulletins.

Payment for stocks, with settlement of a cash credit required to be paid by the company is proven by a statement from a certified public accountant. This statement replaces the certificate of deposit.

Article 162: Contributions in Kind and Special Advantages

If there are contributions in kind or special advantages, one or more experts on contributions are appointed by court decision. They are subject to the conflict of interests provisions stipulated in Articles 168 and 169 of this law.

These experts assess, under their own responsibility, the value of contributions in kind and special advantages. Their report is made available to stockholders at the company's headquarters at least eight days before the session of the extraordinary general meeting and the regulations in Article 87 of this law are implemented.

If the general meeting approves the evaluation of the contributions and the granting of special advantages, it proves that the capital has been increased.

If the general meeting reduces the value of the contributions and the payments connected with the special advantages, the explicit approval of these changes by contributors, beneficiaries, or their authorized proxies is required. Otherwise, the increase in capital is not carried out.

Shares for contribution in kind are paid for in full as soon as they are issued.

Article 163: The Right To Distribute New Stocks

If the inclusion in the capital of reserves, earnings, or issuance premiums is accompanied by the distribution of new stocks to stockholders of the company, then the right to priority is negotiable or transferable, with the exception of the case when the general meeting expressly makes a decision on this right, under the conditions stipulated in the second paragraph of Article 152 of this law.

Subsection II
Reduction of Capital

Article 164: Methods

The reduction of capital is authorized or decided by the extraordinary general meeting at its session, which can give the board of directors all the powers to carry it out.

In all cases, the reduction affects the stockholders in proportion to the value of the stocks which they control.

The plan for reducing capital is announced to the certified public accountants at least 45 days before the session of the general meeting of stockholders which is convoked to decide on this plan.

The general meeting makes a decision in regard to the report of the certified public accountants, who present their evaluation of the causes and conditions of the reduction.

When the operation is carried out by the board of directors, which is charged with the task by the general meeting, it prepares a *proces-verbal* which is made public and it takes action for a corresponding change in the statute.

Article 165: Appeal the Reduction of Capital

When the general meeting approves a plan for the reduction of capital which is not motivated by losses, creditors who advanced credit before the date of the publication of the change in the statute can appeal the reduction within thirty days of that date. The appeal is announced to the company and is sent to the court.

The court decision rejects the appeal or orders the return of credits or the granting of guarantees, if the company has them and if they are thought to be sufficient.

Operations for the reduction of capital cannot begin before the period for the appeal has ended, especially before a decision on this appeal is made by the court of the first instance, if this is necessary.

If the court of the first instance accepts the appeal, the process of reducing the capital stops immediately, until adequate guarantees are given or credits are returned. If the court rejects the appeal, the reduction operations can begin.

Article 166: The Company's Repurchase of its Own Stocks

A company is prohibited from buying its own stocks.

However, the general meeting which has made the decision to carry out a reduction of capital, not motivated by losses, can authorize the board of directors to buy a specific number of stocks, in order to cancel them, so as to respond to the reduction of capital.

Section VII
Auditing Public Companies

Article 167: Auditing by Certified Public Accounants

In every public company, auditing is exercised by one or more certified public accountants.

Article 168: Exclusion of Certain Persons

The following cannot be certified public accountants of a given company:

1. The founders, contributors in kind, persons who benefit from special advantages, members of the board of directors or the council of overseers of the company or its branches, as specified in Article 217 of this law;

2. Cousins and relatives by marriage of the persons mentioned in point 1, up to and including the fourth degree of kinship or kinship by marriage;

3. Members of the board of directors or of the council of overseers of companies which control one-tenth of the capital of the company concerned or of those companies of which this company controls one-tenth of the capital, as well as their spouses;

4. Persons and spouses of persons who receive from the persons mentioned in point 1, from the company or from any person or company mentioned in point 3, a salary or any type of compensation for functions which differ from those of the certified public accountants;

5. Firms of certified public accountants in which one of the partners, stockholders, or directors or the spouse of any one of these persons fits any of the descriptions mentioned in the above paragraphs.

Article 169: Conflicts of Interest

Certified public accountants cannot be named members of the board of directors of the companies which they monitor, until five years after they end their monitoring of the company. The same prohibition is in effect for the partners, stockholders, or directors of a firm of certified public accountants.

During the same period they cannot carry out the same functions in companies which control 10 percent of the capital of the company monitored by them or in which the company controls 10 percent of the capital at the time that the certified public accountants cease their activity in the company.

Persons who have been members of the board of directors, administrators, or employees of a company cannot be appointed certified public accountants of this company, for at least five years after they cease their activity in the company.

During the same period, they cannot be appointed certified public accountants in companies which control 10 percent of the capital of the company in which they carry out their work, or in which this company controls 10 percent of the capital at the time that they cease their activity.

The prohibitions stipulated for the persons mentioned in the previous two paragraphs are applicable to firms of certified public accountants in which the persons in question are partners, stockholders, or directors.

Article 170: Certified Public Accountants Who Are in Their Positions Improperly

Examinations made by certified public accountants, appointed in an improper manner or on the basis of the report of certified public accountants, who have been appointed or who have been kept in their positions in violation of the regulations in Article 168 and Article 169, paragraphs 3-5, are invalid.

Any accusation of invalidity is withdrawn if these examinations are expressly confirmed by the general meeting on the basis of a report by experts appointed in the regular manner.

Article 171: Appointment

With the exception of the cases stipulated in articles 84 and 93 of this law, the certified public accountants are appointed by the regular general meeting, at its session.

The meeting appoints one or more assistant certified public accountants who are called upon to replace the incumbents in the case of their rejection, negligence, resignation, or death.

Companies with public offerings must appoint at least two certified public accountants.

This must also be done by public companies without public offerings, whose capital exceeds 20 million leks on the date of the session of the regular general meeting which makes the appointment.

Article 172: Duration of the Mandate and Replacement

Certified public accounts are appointed for one fiscal year. Their functions end after the session of the regular general meeting which makes a decision on the annual balance sheets.

A certified public accountant appointed by the general meeting to replace another person remains in the position up to the end of the term of his predecessor.

If the general meeting fails to appoint a certified public accountant, any stockholder can seek to appoint such a person through the court; in this case, the court summons the chairman of the board of directors, in accordance with the regulations. The person's term ends when the session of the general meeting takes measures to appoint one or more experts.

Article 173: Rejection

One or more stockholders who represent at least one-tenth of the starting capital have the option, within 30 days of the appointment, to express their opposition, in court, in regard to one or more of the certified public accountants appointed at the session of the general meeting and to seek the appointment of one or more certified public accountants to replace them.

If the request is thought to be justified, a new accounting expert is appointed by the court. He remains in his position until the work of the certified public accountant appointed by the session of the general meeting begins.

Article 174: The Special Report

One or more of the stockholders who represent at least one-tenth of the starting capital can seek, through the courts, the appointment of an expert charged with presenting a special report on some specific operations of the management.

If the request is considered justified, the court decision stipulates the extent of the mission of the expert and his powers. The court can charge the company with payment of the related expenses.

A copy of the report is sent to the requester, the board of directors, and the council of overseers. In addition, the report must be included along with the report drawn up by the certified public accountants for presentation to the next session of the general meeting and must be publicized along with the accountants' report.

Article 175: The Right of Partners To Be Informed During the Period Between the Sessions of the General Meeting

One or more stockholders, who represent at least one-tenth of the starting capital, have the option, twice in every fiscal year, of presenting questions, in writing, to the board of directors in regard to any problem which compromises the continuity of the company's activity. The response is given to the certified public accountant.

Article 176: Removal

Certified public accountants can be removed from their positions for mistakes or negligence by decision of the court which meets and makes a decision on an urgent basis.

Article 177: The Right of the Certified Public Accountant To Be Heard

When, at the conclusion of his term, the replacement of a certified public accountant is proposed to the general meeting, the accountant has a right to be heard at the session of the general meeting if he desires this.

Article 178: Duties

Certified public accountants give their assurance that the annual balance sheets are in order and drawn up honestly and that they give a true picture of the results of the operations of the past fiscal year and of the financial situation and assets of the company at the end of the fiscal year.

They have the continuing task, without interfering in the management, of inspecting the account books and funds of the company and monitoring the compliance of the company's accounting system with the legislation in force. They also monitor the veracity and the correlation with the annual balance sheets of the information given in the management report by the board of directors and

in the documents which have been sent to the stockholders on the financial situation and the annual reports.

The certified public accountants ensure that the principle of equality of stockholders is respected.

Article 179: The Continuing Auditing Process

Throughout the year, the certified public accountants, together or separately, undertake all the inspections and audits which they consider necessary and examine all the documentation which they consider to be useful in carrying out their tasks, especially, contracts, account books, accounting documents, and *proces-verbal* records.

In order to carry out their audits, the certified public accountants have the opportunity, at their own responsibility, to be assisted or represented by experts or collaborators whom they choose themselves, whose names must be made known to the company. These people have the same rights to inspect and audit as the certified public accountants and are subject to the conflict of interests provisions stated in articles 163 and 169 of this law.

The inspections and audits stipulated in this article can be carried out in the company in question and also in the parent company or in its branches in accordance with Article 217 of this law.

The certified public accountants also have the opportunity to gather all the useful information they need to do their work from third parties who have handled the accounts of the company.

Professional secrecy cannot keep them from getting the information, with the exception of cases in which the organs of justice are involved.

However, this right to be informed cannot be extended to the knowledge of materials, contracts, or documents of any type which are kept under secure conditions by third parties, if the experts are not authorized, by court decision, to have access to them.

Article 180: Informing the Company

The certified public accountants inform the board of directors and the council of overseers of the following:

1. The audits and inspections and the various probes which have been carried out;

2. The parts of the balance sheet and of the other accounting documents in which, in their view, changes must be made, while making all the necessary comments on the methods of evaluation used in compiling these documents;

3. The irregularities and inaccuracies which they have discovered;

4. The implications of the above comments and corrections for the results of the current fiscal year, compared to those of the previous fiscal year.

Article 181: Obligatory Invitations to the Certified Public Accountants

The certified public accountants are invited to the meeting of the board of directors which closes the books on the past fiscal year and to all the sessions of the general meeting of stockholders.

Article 182: Fees

The fees for the certified public accountants are charged to the company.

Article 183: Reporting

The certified public accountants point out in the next session of the general meeting any irregularities and inaccuracies which they have discovered while carrying out their duties.

In addition, they inform the public prosecutor of the Republic of things which constitute a crime, which they have discovered, an activity for which they are not charged with responsibility because it is included in their job.

With the exception of the regulations in the above paragraphs, the certified public accountants and their collaborators and experts are obliged to keep as professional secrets any facts, deeds, and information which they might learn as a result of their positions.

Article 184: Responsibility

The certified public accountants are responsible to the company and to third parties for the damage caused by their mistakes and negligence in carrying out their functions.

They are not legally responsible for violations of the law committed by members of the board of directors, with the exception of cases in which they knew about these violations but did not expose them in their report to the session of the general meeting,

Article 185: Limitation

Lawsuits against the certified public accountants are limited by the conditions of Article 196 of this law.

Section VIII
Conversion of Public Companies

Article 186: General Conditions

Any public company can be converted into a another type of company, if it has been in existence at least two years at the time of the conversion and if the balance sheet for the past two years has been compiled and has been approved by the stockholders.

Article 187: The Conversion Process

The decision to convert is made on the basis of the report of the experts on the conversion of the company. The

report certifies that the company's own capital is at least equivalent to the starting capital.

The decision to convert the company is made public; the methods are stipulated by a special law.

Article 188: Conversion Into a General Partnership, a Limited Partnership, or a Limited-Liability Company

Conversion into a general partnership is carried out with the approval of all the partners. In this case, the conditions stipulated in Article 186 and in the first paragraph of Article 187 are not necessary.

Conversion into a limited partnership is carried out under the conditions required for changing the statute and with the agreement of all the partners who agree to be "unlimited" partners.

Conversion into a limited-liability company is decided upon under the conditions required for changing the statute of companies of this type.

Section IX
Dissolution of Public Companies

Article 189: Dissolution by the Extraordinary General Meeting

The dissolution of the company is proclaimed at a session of the extraordinary general meeting.

The company is dissolved automatically at the end of its term, according to the statute.

Article 190: Dissolution Because of the Loss of Assets

If, as a result of the losses reported in the accounting documents, the company's own capital becomes less than half the starting capital, the board of directors must, within four months of the approval of the financial balance sheet reporting this loss, convoke a session of the extraordinary general meeting, for the purpose of deciding if the company should be dissolved.

If the dissolution is not supported by the majority which is necessary for making changes in the statute, the company must reduce its capital by an amount which is no less than the losses which have not been covered by the reserves, keeping in mind the provisions of Article 75 of this law. This operation must be completed no later than the end of the first fiscal year before which the loss was noted, if, within this period, the company's capital was not supplemented to the extent that it totalled no less than half the starting capital.

In both cases, the solution presented by the general meeting is published in a newspaper which is authorized to publish legal notices.

If there is no session of the general meeting or when this meeting was not able to make a valid decision at its last session, any interested party can seek the dissolution of the company, through the courts.

The same thing can be done if the provisions of the second paragraph of this article are not implemented. In all cases, the court can give the company a maximum of six months to put itself in order; it cannot call for its dissolution if the company has been put in order on the day that the court is making its decision.

Section X
Legal Responsibility

Article 191: Responsibility in the Case of Invalidation

The founders of a company who are blamed for the invalidity of the company at the time it is established and the members of the board of directors who are in office when the invalidity is proven can be declared jointly responsible for the damages which the invalidation of the company causes to the stockholders or to third parties.

The same joint responsibility can be assigned to those stockholders whose contributions and advantages have not been verified and approved.

Article 192: Responsibility of Members of the Board of Directors in Cases of Violation of the Law and Management Errors

Members of the board of directors are responsible, individually or jointly, according to the case, to the company or to third parties, for the violation of legal provisions or of regulations applicable for public companies, for the violation of the statute, and for errors made in the management of the company.

If some members of the board of directors have been involved in the same errors, the court determines the share of each one in the contribution to compensate for the damage.

Article 193: Responsibility of Members of the Council of Overseers

Members of the council of overseers are responsible for their personal errors during the period of their term on the council.

They are not held responsible for any management actions or for their results.

They can be held legally responsible for violations committed by the members of the board of directors if they were aware of these violations and did not report them to the general meeting.

Article 194: Suing for Responsibility

In addition to bringing suit for compensation for personal damage, stockholders have an opportunity, individually or as part of a group, to bring suit for responsibility against members of the board of directors or of the council of overseers.

If they represent at least one-twentieth of the starting capital, stockholders in a joint interest suit can charge, at

their own expense, one or more of their number to represent them in the lawsuit and in the defense.

The withdrawal, during the court session, of one or more of the aforementioned stockholders, because of voluntary withdrawal from the suit or because they are no longer stockholders, does not affect the continuation of the court session.

The plaintiffs are authorized to seek, by legal means, full compensation for the damage which has been caused to the company, which, if necessary, will also include financial compensation.

Article 195: The Mandatory Nature of Responsibility

Any provision in the statute which aims to set as a prerequisite for bringing a lawsuit a preliminary opinion or an authorization from the general meeting is considered to be invalid. Any provision which rejects, in advance, the bringing of a suit is also invalid.

No decision of the assembly can prohibit a lawsuit against members of the board of directors or members of the council of overseers for errors committed by them in performing their functions.

Article 196: Statute of Limitation for Lawsuits

On the basis of the articles in this section, lawsuits can be brought for a period of three years, beginning with the date on which the damage was caused or, if the damage was concealed, beginning with the date of its discovery. However, if the damage constitutes a crime, the suit can be brought for a period of 10 years.

A lawsuit in regard to the invalidation of a company can be brought for a period of three years beginning with the date on which the decision on invalidation went into effect.

Section XI
Stocks

Article 197: Forms

Stocks are in the form of bearer stocks or registered stocks.

Article 198: Transfer

Bearer stocks are transferred without any type of procedure.

Registered stocks are transferred to third parties and to the juridical person issuing them by means of a transfer in the records which the company keeps for this purpose and which contain the appropriate indices for the operations of transferring and converting stocks and in particular:

—the date of the operations;

—the surnames, first names, and home addresses of the former and the new holder, in the case of transfer;

—the surname, first name, and home address of the holder of the stocks, in the case of conversion of the bearer stocks into registered stocks;

—the face value and the number of shares of stock transferred or converted.

Article 199: Impossibility of Dividing the Stocks

The stocks are indivisibile vis-a-vis the company.

Article 200: Stocks for Contribution in Cash and Stocks for Contribution in Kind

Stocks for contribution in cash are stocks which are paid for in cash or by bartering; stocks which are issued as a result of the inclusion in the capital of reserves, earnings, or issuance premiums, as well as stocks whose value comes partially from payment in cash. The latter stocks must be paid for in full at the time of the subscription.

All other stocks are stocks for contribution in kind.

Article 201: Face Value

The face value of the stocks or of the stock splits is specified in the statute.

Article 202: Priority Stocks

At the time of the establishment of the company or during its existence, priority stocks can be created which have advantages over all the other stocks. keeping in mind the requirements of Articles 148 and 149 of this law.

Article 203: The Form of Stocks for Contribution in Cash Before Payment

Stocks for contribution in cash are registered until they are paid for completely.

Article 204: Trading of Stocks

Stocks can be traded only after the registration of the company in the trade registry or, in the case of an increase in capital, after this change is recorded.

Stocks can still be traded after the dissolution of a company, up to the completion of the liquidation process.

Article 205: Results of the Invalidation

The invalidation of a company or of an issuance of stocks does not result in the invalidity of the stock trade carried out before the invalidation decision, if the securities are in order in regard to form, although the buyer can exercise the right to protection with guarantees in dealing with the seller.

Article 206: Transfer of Ownership With the Approval of the Company

With the exception of an inheritance, the transfer of ownership of stocks to a third person, regardless of the

juridical base of this transfer, can be submitted for the approval of the company, on the basis of a provision in the statute.

Such a provision can be formulated only when the stocks are in registered form on the basis of a law or statute.

Article 207: Approval of Transfers of Ownership

The company is given a request for approval which has the surname, first name, and address of the person to whom the ownership is transferred and the price offered, if the statute has a provision for such requests. The approval is considered to be given when there is notification of approval or when there is no response within three months of the date of the request.

If the company does not approve the person proposed to be the recipient of the transfer of ownership, the company is required, within three months of the date of the announcement of the rejection, to buy stocks, by means of a stockholder or a third person or with the approval of the person who is losing the right to ownership because of the company itself, for the purpose of reducing capital. In the absence of an agreement between the parties, the price of the stocks is set in accordance with the provisions of Article 11 of this law.

If, the purchase is not completed in three months, the transfer of ownership is considered to be approved. However, this deadline can be extended by court decision at the request of the company.

Article 208: Failure To Make Payment for Stocks

When a stockholder has not paid the amount of money remaining to be paid for the stocks subscribed by him by the deadline set by the board of directors, the company sends him an warning.

If the stockholder does not respond to the board of directors' warning in at least a month, the company sells these stocks without any authorization from the courts.

The sale of listed stocks is carried out on the stock market. The sale of over-the-counter stocks is carried out in public auctions through a stockbroker or a notary. Any stockholder who has not paid for the stocks subscribed by him remains a debtor or profits from the difference, according to the case, when the stocks are sold at an auction at or below their registered value. The expenses incurred by the company in carrying out the sale are charged to the stockholders who have not paid their debts.

Before the sale specified in the above paragraph is carried out, the company publishes, in a newspaper which is authorized to publish legal announcements, the number of stocks which are up for sale and this information is published at least 30 days after the warning mentioned in the first paragraph of this article. The company notifies the debtor about the sale of the unpaid stocks by means of a registered letter which gives the date and issue number of the newspaper in which the announcement was published. The stocks cannot be sold until at least 15 days after the registered letter was sent.

Article 209: Responsibility in the Case of Failure To Make Payment for Stocks

The stockholder who has not paid his debts, the persons to whom ownership has been transferred, one after the other, and the subscribers are collectively responsible for unpaid balances on stocks. The company can take action against them before the sale, after it, or at the same time as the sale, in order to collect the respective payments and expenses.

A stockholder who has paid the debts to the company seeks a loan from the persons who owned the stock earlier, one after the other; the final loan is charged against the person who owned the stock most recently.

After a period of two years after the transfer of ownership. Each subscriber or stockholder who has lost ownership is released from the remaining financial obligations.

Article 210: Rights of Stockholders Who Have Not Paid Their Debts

At the end of the 30-day period after the warning mentioned in Article 208, holders of stocks which have not been paid for completely lose their right to be present and the right to vote at sessions of the general meeting of stockholders and are not taken into account in the calculation of a quorum.

The right to receive dividends from these stocks and the right to priority in subscription of these stocks for increasing capital are discontinued.

After the payment of the required amounts of money, with interest, the stockholder can seek the payment of unanticipated dividends. He cannot bring a lawsuit by utilizing the right to priority in subscription for increasing capital after the end of the period set for exercising this right.

Chapter VI
Common Provisions for All Forms of Companies

Section I
Annual Reports

Article 211: Accounting Documents That Are Made Available to the Certified Public Accountants

At the end of every fiscal year, the board of directors or the administrators draw up an inventory and an annual accounting, in accordance with the provisions of the legislation in effect on keeping accounts and draft a written report on the management. The following are attached to the balance sheet:

1. A situation report on the guarantees given by the company. This regulation is not applicable in the case of credit or securities companies.

2. A situation report on guarantees given made by the company.

The report on the management presents the situation of the company during the past fiscal year, its scheduled changes, the important activities which have been carried out from the end of the fiscal year to the date on which this report is compiled, and the activities of the company in the area of scientific research.

The documents mentioned in this article are made available to the certified public accountants at the company headquarters at least one month before the session of the general meeting of partners or of stockholders which is called to make a decision on the company's accounting reports. At their request, a copy of the documents is given to these accountants.

Article 212: Change in the Manner of Presenting the Accounting or in the Methods of Evaluation

The changes which are made in the manner of presenting the annual accounting and in the methods of evaluation used are mentioned in an attachment to the report on the management and, if necessary, to the report of the certified public accountants,

Article 213: Essential Reserves

Limited-liability companies and public companies set aside at least 1/20th of the earnings accumulated during the fiscal year, after the losses of the previous year are deducted, if necessary. This money is intended for a reserve fund which is called an "essential reserve." Any decision to the contrary is invalid.

This set-aside process is not obligatory when the "essential reserve" amounts to one-tenth of the starting capital.

Article 214: Earnings That Will Be Distributed

The earnings which will be distributed consist of the fiscal year's earnings from which the sums set aside for reserves have been deducted in accordance with the law or statute. On the other hand, the losses or gains carried over from previous years are deducted or added, respectively.

The general meeting can make a decision to distribute the funds set aside for reserves which it has available. In this case, the decision states expressly the types of reserves from which these funds have been taken.

With the exception of cases when the capital is being reduced, no distribution can be made to the stockholders if, after this distribution, the [company's] own capital is or will become smaller than the amount of the capital added to the reserves which the law or statute does not allow to be distributed.

Article 215: Determination of Dividends, Sham Dividends

After the approval of the annual accountings and the verification of the existence of the sums of money which will be distributed, the general meeting determines the share which is due to the stockholders in the form of dividends.

Any dividend distributed in violation of these regulations is a sham dividend.

However, advance payments, with money from previous fiscal years or the current fiscal year, made before the accountings for these fiscal years have been approved, do not constitute sham dividends, provided that:

1. In addition to the essential reserves, the company has available reserves which are at least equal to the advance payments distributed or a statement given by a certified public accountant certifies that the net earnings are more than the advance payments;

2. The distribution of the advance payments is decided upon by the board of directors or the administrators who set the amount and the date of the payment.

Article 216: Reclaiming Dividends

The company cannot seek to reclaim any dividends from stockholders, with the exception of cases when the following two conditions are satisfied:

1. If the distribution was made in violation of the regulations of articles 214 and 215, presented above;

2. If the company proves that the persons profiting from the dividends were aware of the irregularities in this distribution at the time it occurred or that they, in concrete circumstances, could not help but be aware of these irregularities.

Section II
Branches, Participating Companies, and Controlled Companies

Article 217: Branches

When a company controls more than half the capital of another company, the second company is considered to be a branch of the first company, according to this section.

Article 218: Participation

When a company controls a share of the capital of another company, ranging from 10 to 50 percent, according to this section, it is considered to be a participant in the second company.

Article 219: A Company That Controls Another Company

According to this section, a company is considered to control another company when:

—it holds, directly or indirectly, a share of the capital which gives it a majority of the votes in the sessions of the general meetings of this company;

—it alone has at its disposal the majority of the votes in this company on the basis of an agreement with the other stockholders or partners;

—it is the determining factor, de facto, of the decisions made in the sessions of the general meetings of this company, by means of the voting rights which it controls.

A controlling company is presumed to exercise this control if it has at its disposal, directly or indirectly, more than 40 percent of the votes and if no other partner or stockholder holds a larger share of the votes, either directly or indirectly.

Article 220: Participation Held by a Controlled Company

Any participation in capital, even less than 10 percent, held by a controlled company is considered to be indirectly held by the company which controls this company.

Article 221: Report on Participation

When, during a fiscal year, a company participates in a company which has its headquarters in Albania, with an interest which represents more than one-tenth, one-quarter, or one-half the capital of this company, or when it has obtained control of such a company, it must be mentioned in the report which is presented to the partners on operations during the fiscal year and, if necessary, in the report of the certified public accountants.

In their activity report, the board of directors or the administrators of the company note the results of the mergers carried out by the company, the branches of the company, and the companies which it controls as branches of its activity.

Article 222: Informing a Public Company About the Stocks and Voting Rights That It Holds

Any physical or juridical person which has obtained ownership of a number of stocks which represent, respectively, more than one-tenth, one-quarter, or one-half the capital or the voting rights of a public company informs this company within 15 days in regard to the total number of stocks and voting rights of the company which it holds.

The same information is given, by the same deadline, when the participation in capital or in voting rights is below the limits set in the above paragraph.

The person providing the information specifies the number of securities which it holds and which give it the right to ownership of capital and the respective voting rights.

Article 223: Stocks or Voting Rights Which Are Considered To Be of Equal Value to Those Which Are Held

The following are considered to be of equal value to the stocks or voting rights held by the person providing the information specified in the first paragraph of Article 222:

1. Stocks or voting rights held by other persons in the account of this person;

2. Stocks or voting rights held by partners controlled by this person, in accordance with Article 219;

3. Stocks or voting rights held by a third party, with which this person has an agreement;

4. Stocks or voting rights which this person or one of the persons mentioned in points 1-3 of this article has the right to buy upon its own initiative on the basis of an agreement.

Article 224: Definition of a Person Who Operates on the Basis of an Agreement

Persons who have reached an agreement to buy or to surrender voting rights to achieve a joint policy toward the company are considered to be persons who operate on the basis of an agreement.

Such an agreement is presumed to exist:

—between a company and the members of its board of directors or its administrators;

—between a company and the companies which it controls, in accordance with Article 219;

—between companies controlled by the same person or persons.

Persons who operate on the basis of an agreement are collectively obligated to carry out the tasks imposed on them by the legislation in force.

Article 225: Notification of Participation by a Company in the Public Company Which It Controls

When a company is controlled, directly or indirectly, by a public company, it informs the latter and each one of the companies participating in this control in regard to the value of its direct or indirect participation in their respective capital and the various forms of this monetary participation.

The notification is given within a month of the date of the announcement of the control of the company over the securities which it held before this date or within a month of the date of the subsequent sales and purchases operation.

Article 226: Transmittal to the Stockholders of the Information Produced

On the basis of the information produced in accordance with Articles 222 and 225, the report which is presented to the stockholders in the sessions of the general meetings on the operations of the fiscal year identifies the physical or juridical persons who hold, directly or indirectly, more than one-quarter or one-half of the starting capital or voting rights. It also reports the changes occurring during the fiscal year, the names of the companies which are controlled, and the share of the company's capital which they hold. If necessary, these things are mentioned in the report of the certified public accountants.

Article 227: Penalties for Failing To Provide the Information Specified in Article 222 of This Law

If no statement has been presented under the conditions specified in the first paragraph of Article 222, stocks whose value exceeds the minimum for declaration are deprived of the right to be voted in any session of the general meetings of stockholders which will be held for the next year, beginning with the date that the notification is carried out in proper legal form.

Article 228: Prohibition of Dual Participations Between Public Companies

A public company cannot hold stocks in another company if the latter controls more than 10 percent of the capital of the first company. If there is no agreement between companies which are concerned with putting the situation in order legally, the company which controls the smallest portion of the capital of the other party must transfer to the latter the investment rights for its capital. If the capital investments by the two parties are of the same value, each one of the companies must reduce its share so as not to exceed 10 percent.

When a company is obligated to transfer the stocks of another company, the sale takes place within a year of the date that the information was given in accordance with Article 222. The company cannot exercise the voting rights resulting from these stocks.

Article 229: Prohibition of Dual Participations in a Public Company

If a company other than the public company has as one of its partners a public company which controls more than 10 percent of the capital of the first company, it cannot hold stocks issued by the public company.

If it obtains control of these stocks it must sell them and it cannot exercise voting rights for these stocks.

If a company other than the public company has as one of its partners a public company which controls 10 percent or less than 10 percent of the capital of the first company, it can control only 10 percent or less than 10 percent of the shares issued by the public company. If it obtains control of a larger share, it must sell the excess stocks and cannot exercise voting rights for them.

The deadline for paragraphs 2 and 4 is one year, beginning with the date on which the stocks that the company is obligated to sell came into its possession.

Article 230: The Voting Rights Which a Controlled Company Has in the Controlling Company

When some stocks or voting rights of a company are held by one or more companies over which it has direct or indirect control, the voting rights resulting from these stocks or the voting rights mentioned above cannot be exercised at the sessions of the general meetings of the company; they are not taken into consideration in calculating a quorum.

Section III
Invalidities

Article 231: The Case of Invalidity

The invalidity of a company or of an act which changes the statute can result only from a special provision of this law or of those which legally regulate the invalidity of contracts.

In the case of limited-liability companies and public companies, the invalidity of the company cannot result from a defect of the agreement between the partners or from incompetency, if this incompetency has not affected all the founding partners.

The invalidity of acts or decisions other than those stipulated by the above paragraph can result only from the violation of a mandatory provision of this law or of the legislation in force regarding contracts.

Article 232: Invalidity of General Partnerships Because of Failure To Observe Requirements for Publication

Compliance with the requirements for publication is necessary for general partnerships and limited partnerships. Otherwise, the invalidity of the company, act, or decision can be proclaimed, according to the case, without permitting the partners and the companies to benefit, at the expense of third parties, because of this invalidity.

However, the court has the right not to proclaim invalidity if no falsification has been proven.

Article 233: Loss of Effect

A lawsuit for invalidity loses its effect when the reason for the invalidity no longer exists on the date on which the court of the first instance issues its decision, with the exception of the case where this invalidity is based on a violation of the law related to the purpose of the company.

Article 234: Deadline for the Legal Reordering Set by the Court

The court charged with examining the lawsuit for invalidity has the opportunity to set a deadline for the correction of the invalidity.

It cannot proclaim the invalidity until two months after the charge of the invalidity has been presented in court.

If the convocation of a session of the general meeting or a consultation of partners is requested to correct an invalidity and if this request is legally based on a regular convocation of this session or on the sending to the partners of the text of the draft decisions, along with the documents which must be communicated to them, the court, by court decision, determines the time period needed for the partners to make their decision.

If no decision has been made at the conclusion of the period specified in the previous paragraph, the court issues a decision at the request of the party who acts first.

Article 235: Legal Reordering or Buying Out the Rights of an Interested Party

When the invalidity of a company or of the acts examined by it after its establishment is based on a defect in the agreement between the partners or on the incompetency of a partner, even if legal reordering is possible, any party concerned can announce that it is capable of taking action to reorder the company to comply with the law or of bringing suit for the invalidity of the company, within a period of six months, after which no action can be taken. The company is informed of this announcement.

The company or a partner can bring before the court, meeting within the period specified in the above paragraph, any appropriate measure to prevent the plaintiff from achieving his interests, in particular, by buying out his rights in the company. In this case, the court can proclaim the company invalid or make the proposed measures mandatory, if they have already been taken by the company under the conditions set for changing the statute.

The vote of the partner whose rights are being bought out has no effect on the decision of the company.

If the case of an appeal, the value of the rights in the company which will returned to the partner is specified in Article 11 of this law. Any provision which conflicts with Article 11 is considered to be invalid.

Article 236: Legal Correction of a Violation of Regulations on Publication

When the invalidity of the acts and issues examined after the establishment of the company is based on the violation of the regulations on publication, any person who is concerned with the legal correction of the act can notify the company to take action within 30 days, beginning with the date of this notification.

If the situation is not put in order within this period, any party concerned can seek, through the court, the designation of a proxy charged with carrying out the formalities.

The proxy mentioned in the above paragraph is designated, on priority basis, by the court.

Article 237: Methods of Notification

The notifications specified in Articles 234 and 235 of this law are carried out by registered letter and by announcements.

Article 238: Statute of Limitations for Lawsuits for Invalidity

Lawsuits regarding the invalidity of a company or of acts and issues examined after its establishment are permitted for three years, beginning with the date on which the company commits the act which causes the invalidity, with the exception of the case when no action can be taken after the expiration of the period specified in Article 235 of this law.

However, any suit regarding the merger or split of a company is permitted for six months, beginning with the date of the most recent registration required for this action in the trade register.

Article 239: Liquidation of a Company After the Proclamation of Invalidity

The liquidation of a company after its invalidity is proclaimed in carried out in accordance with the provisions of the statute and of Section V of this chapter.

Article 240: Invalidity of a Merger or Split of a Company

Any final court decision which proclaims the invalidity of a merger or a split is made public. The methods are specified in a special law.

This decision does not affect the obligations charged to the company or those which are to the advantage of the company to which the assets are transmitted, in the time period between the date on which the merger or split became effective and the date that the decision proclaiming invalidity was made public.

In the case of a merger, the companies which took part in the operation are collectively responsible for the obligations mentioned in the previous paragraph which are charged to the acquiring company. The same holds true in the case of a company which is split up; for the obligations of the companies to which the assets are transmitted. Each one of the companies whose assets are transmitted is responsible for accounting for the obligations produced during the period between the effective date of the split and the date that the decision proclaiming invalidity was made public.

Article 241: Effects on Third Parties

After the proclamation of invalidity, neither the company nor the partners can profit at the expense of third parties who had no knowledge of the deficiencies which led to the invalidity.

Third parties should take the invalidity into consideration if it is a result of a defect in an agreement or of incompetency in managing the company on the part of a member of the board of directors of or his legal representative, or when the partner has concluded an agreement with third parties under conditions of error, deceit, or compulsion.

Article 242: The Lawsuit and Its Statute of Limitations

A lawsuit can be brought to invalidate the company or the acts examined after its establishment for a period of three years, beginning with the date that the decision of invalidation goes into effect.

The elimination of the reason for the invalidity does not present an obstacle to bringing a suit for financial compensation which seeks payment for the damage caused by a defect which has damaged the company, the act, or the issue examined. This lawsuit is permitted for three years, beginning with the day that the invalidity was corrected.

Section IV
Mergers and Splits

Subsection I
General Provisions

Article 243: Possibilities of Mergers or Splits

By means of a merger, one or more companies can transfer their assets to a existing company or a new company which they establish.

Also, by means of a split, a company can transfer its assets to several other existing companies or several new companies.

These options are open for companies in the process of liquidation, on the condition that the distribution of their assets among their partners was not the reason for beginning the process.

Partners of companies which transfer their assets in the framework of the operations mentioned in the three previous paragraphs receive shares of the starting capital or stocks of the benefiting company or companies and, according to the case, monetary compensation, which cannot be more than 10 percent of the face value of the shares of starting capital or stocks given.

The operations mentioned in the previous article can be carried out between companies in various forms.

They are set up by each one of the companies concerned, in accordance with the conditions required for changing their statutes.

If the operation includes the creation of new companies, each one of them is established according to the regulations pertaining to the form of the company which will be created.

Article 245: Consequences

A merger or split results in the dissolution without the liquidation of the companies which are being eliminated and the transfer of all their assets to the benefiting companies, in the condition in which these assets are as of the date of the conclusion of the operation. With a merger or a split, the partners of the companies which are being eliminated become partners of the benefiting companies, in accordance with the conditions stated in the contract on the merger or split.

However, shares of the starting capital or stocks of the benefiting company are not exchanged for shares of the starting capital or stocks of the companies which are being eliminated when these stocks are held:

1. By the benefiting company or by a person who acts in its name and when the stocks are in this company's account;

2. By the company which is being eliminated or by a person who acts in its name and when the stocks are in this company's account.

Article 246: Effective Date

The merger or split goes into effect:

1. In the case of the creation of one or more new companies, on the date that the new company or the last one of the companies created is recorded in the trade register;

2. In other cases, on the date of the most recent session of the general meeting which approved the operation, with the exception of the case where the contract specifies that the operation will be effective on another date, a date which cannot be later than the end of the current fiscal year of the company or of the benefiting company, or earlier than the end of the previous fiscal year which was completed by the company or by the companies which are being merged with it.

Article 247: Unanimity of the Partners

If the specified operation results in an increase in the obligations assumed by the partners or the stockholders or one or more companies, which is a matter of discussion, the provisions of the second paragraph of Article 244 of this law are not implemented but the unanimity of the aforementioned partners and stockholders is required.

Article 248: The Plan

All the companies participating in one of the operations mentioned in Article 243 of this law draw up a plan for the merger or split.

This plan is filed with the trade register in the locality where the headquarters of those companies are located and published in accordance with the regulations stipulated in a special law.

Companies which participate in one of the operations mentioned in the first and second paragraphs of Article 243 must file a statement with the trade register. In the statement, they report on all the actions undertaken, for the purpose of acting on the operation, and they certify that the operation is being carried out in accordance with the legislation in force. The operation is considered to be invalid if it does not meet the requirements stated in this paragraph. The court ensures that the statement complies with the regulations of this article.

Subsection II
Provisions on Public Companies

Article 249: Pertinent Operations

The operations mentioned in Article 243 and carried out only among public companies are subject to the provisions of this subsection.

Paragraph 1
Mergers

Article 250: Decision of the Extraordinary General Meeting

A merger is decided upon by the extraordinary general meeting of each one of the companies participating in the operation.

The board of directors of each one of the companies mentioned above compiles a written report which is made available to the stockholders.

Article 251: Report of the Certified Public Accountants

One or more merger experts appointed by court decision compile, on their own responsibility, a written report on the merger methods. They can get all the necessary documents to inform themselves from each company and they can carry out all the required inspections. In relation to the participating companies, they are subject to the conflicts of interest stipulated in Articles 168 and 169 of this law.

The merger experts verify whether the value assigned to the stocks of the companies participating in the operation are accurate and whether the exchange ratio is fair.

The report or reports of the merger experts are made available to the stockholders. They must:

—Indicate the method or methods used to determine the proposed ratio of exchange;

—Indicate whether this method or these methods have the appropriate features and present the values which each one of these methods arrives at, giving an opinion on the relative importance assigned to these methods in determining the value which was determined;

—Indicate, among other things, the special difficulties involved in making an evaluation, if there are any.

Article 252: Contributions in Kind

The extraordinary general meeting of the acquiring company makes a decision on approving the contributions in kind, in accordance with the regulations in Article 162 of this law.

Article 253: The Case of an Acquiring Company Which Holds All the Stocks of the Acquired Company

If, from the time of the filing of the merger plan with the trade register to the execution of the operation, the acquiring company holds, on a continuing basis, all the stocks which represent all the capital of the acquired companies, then neither the approval of the merger by the extraordinary general meeting of the acquired companies nor the compilation of the reports mentioned in Articles 250 and 251 are necessary.

Article 254: Merger by Creating a New Company

When the merger is achieved by creating a new company, it can be based on other contributions besides those of the companies which are merged.

In all cases, the draft statute of the new company is approved by the extraordinary general meeting of each one of the companies which are being eliminated. The operation does not have to be approved by the general meeting of the new company.

Article 255: Creditors of the Acquired Company

The acquiring company has full obligation for the payment of the credits of the acquired company; therefore, this acquisition does not make any changes in these credits.

The creditors of the companies which participate in the merger operation and which have given credits before the publication of the merger plan can appeal the merger within 30 days of the date that it is published in the newspaper, in accordance with the second paragraph of Article 248 of this law. A court decision can reject the appeal or order the return of the credits or the granting of guarantees by the acquiring company, if it has them and if these guarantees are considered to be sufficient.

If the credits are not returned or guarantees are not given, in accordance with the court decision, the merger must be respected by the creditors.

Any appeal made by a creditor does not prohibit the continuation of the merger operations.

The provisions of this article do not prevent the implementation of agreements which authorize the creditor to demand the immediate repayment of his loan in the case of the merger of a debtor company with another company.

Paragraph 2
Splits

Article 256: Provisions for Implementation

Articles 250, 251, and 252 of this law are applicable in the case of a split.

Article 257: Contributions in New Companies

When the split of the company must be achieved by transferring its contributions to new public companies, each one of the new companies can be established with another contribution besides that of the company which has been split up.

In this case and if the stocks of each one of the new companies have been given to the stockholders of the company which has been split up, in proportion to their shares in the capital of this company, it is not necessary to compile the report mentioned in Article 251 of this law.

In all cases, the draft statutes of the new companies are approved by the extraordinary general meeting of the company which is being split up. The approval of the operation by each one of the general meetings of the new companies is not necessary.

Article 258: Joint Responsibility for the Debts Inherited

The companies which benefit from the contributions resulting from the split are completely and collectively indebted to the creditors of the split-up companies. However, this transfer does not result in any changes in the obligations to the creditors.

Article 259: Division of the Liabilities and the Right of Creditors To Appeal

Setting aside the regulations in the previous article, it can be taken into consideration that the companies profiting from split are obligated only for the share of the liabilities of the divided company which is entrusted to them, without being collectively responsible among themselves.

In this case, the creditors of the divided company can appeal the split under the conditions of and with the consequences stipulated in paragraphs 2-5 of Article 255 of this law.

Article 260: Partial Contributions to the Assets

A company which contributes a share of its assets to another company and the company which benefits from this contribution can decide, by a joint agreement, to subject this operation to the provisions of Article 256-259 of this law.

Subsection III
Provisions for Limited-Liability Companies

Article 261: Methods

The provisions of Articles 251, 253, 255, 258, and 259 of this law are applicable for mergers or splits of limited-liability companies to the benefit of the same type of companies. When the operation is carried out through the transfer of contributions to existing limited-liability companies, the provisions of Articles 252 of this law are also applicable.

When the merger is achieved by transferring the contributions to a new limited-liability company, this company can be established with other contributions besides those of the companies which are merged.

In this case and if the shares of the starting capital of the new companies are given to the partners of the company which has been split up, in proportion to their shares in the capital of this company, it is not necessary to compile the report mentioned in Article 251 of this law.

In the cases discussed in the preceding two paragraphs, the partners of the companies which are being eliminated can operate directly as founders of the new companies and operations can take place in accordance with the legal provisions which regulate limited-liability companies.

Article 262: Implementation of Provisions by a Joint Agreement

A company which contributes a part of its assets to another company and the company which benefits from this contribution can decide, by a joint agreement, to subject the operation to the regulations which are applicable in the case of the split up of a company through contributions to existing limited-liability companies.

Subsection V
Provisions on Participation Operations of Public Companies and Limited-Liability Companies

Article 263

When the operations mentioned in Article 243 of this law include the participation of public companies and limited-liability companies, Articles 251, 252, 253, 255, 258, and 259 of this law are applicable.

Section V
Liquidation

Subsection I
General Provisions

Article 264: Regulations on Liquidation

Liquidation of companies is regulated by means of the provisions contained in the statute, while also keeping in mind the provisions of this subsection.

Article 265: Consequences of the Dissolution of a Company

A company is in the process of liquidation from the moment of its dissolution for any reason, with the exception of the case presented in Article 10 of this law.

The name of the company is followed by the notation "company in the process of liquidation." This notation and the name of the liquidator or liquidators must be included in all the official memoranda and documents issued by the company and addressed to third parties.

The existence of the company as a juridical person is maintained to satisfy the needs of the liquidation, upto the completion of this process.

The dissolution of the company has an effect on third parties only after the date that the dissolution was announced in the trade register.

Article 266: Publication of the Name of the Liquidator

The document which names the liquidator is made public in acoordance with the conditions set in a special law, which also stipulates the documents which must be filed with the trade register annex.

Article 267: Transferring the Assets of a Person Who Has Participated in Administration or Control

With the exception of the case where there is approval of all the partners, the transfer of all or a part of the assets of the company in the process of liquidation to a person who has been, in the company, a partner in a general partnership, an "unlimited" partner, an administrator, a member of the council of overseers, a member of the board of directors, a certified public accountant, or an auditor, can be carried out only with the authorization of the court, which, in accordance with the laws, hears the liquidator or, if there is is one, the certified public accountant or the auditor.

Article 268: Prohibition of the Transfer of the Assets to the Liquidator or to One of His Employees or Relatives

The transfer of all or a portion of the assets of a company in the process of liquidation to the liquidator, to one of his employees or to his spouse, his ancestors, or progeny.

Article 269: Transfer of All the Assets to Another Company

The transfer of all the assets of a company or the contribution to the assets of another company, especially through the merger process, is authorized:

1. In general partnerships, with the approval of all the partners;

2. In limited partnerships, with the approval of all the "unlimited" partners and of the majority of "limited" partners, on the basis of number and capital;

3. In limited-liability companies, with the approval of the majority which is required for amending the statute;

4. In public companies, in accordance with the conditions for a quorum and majority specified for sessions of the extraordinary general meeting.

Article 270: Conclusion of the Liquidation Process

At the end of the liquidation process, the partners are called to decide on the concluding financial balance, on the document certifying that the liquidator has properly carried out his tasks, and on the withdrawal of his mandate as liquidator and to record the conclusion of the liquidation process.

If the partners are not called, then each one of them can request, through the court, that a proxy be named to call them.

This person is named, on priority basis, by the court.

Article 271: Conclusion, by Means of the Court

If the session of the general meeting on the conclusion, stipulated in the previous article, cannot make a decision or if it does not consent to approve the liquidator's books, the decision is made by the court at the request of the liquidator or of any interested person.

The liquidator files his books with the trade register where any interested party can examine them and can receive a copy for a fee.

The court makes a decision on the books and, if it is necessary, on the conclusion of the liquidation process, instead of this decision being made by the general meeting of partners or of stockholders.

The final books compiled by the liquidator are filed in the annex of the trade register. The following are attached to them: the decision of the general meeting of the partners on these books, on the document certifying that the liquidator has properly carried out his tasks, and the withdrawal of his mandate as a liquidator or, if these do not exist, the court decision mentioned in the above paragraph.

Article 272: Publication of the Announcement of the Conclusion of the Liquidation Process

The announcement on the conclusion of the liquidation process in published in accordance with the methods specified in a special law.

Article 273: Crossing Off (Deleting From) the Trade Register

A company is deleted from the trade register after the formalities specified in the last paragraph of Article 271 and in Article 272 are completed.

Article 274: Responsibility of the Liquidator

The liquidator is responsible to the company and to third parties for the detrimental consequences of the mistakes which he made while carrying out his functions.

A lawsuit can be brought against the liquidator under the conditions stipulated in Article 196 of this law.

Article 275: Statute of Limitation for Lawsuits Against Nonliquidating Partners

Any lawsuit against partners who are not liquidating or against their living spouses, heirs or persons benefitting from their inheritance, can be brought during a period of five years, beginning with the date of the announcement of the dissolution of the company in the trade register.

Subsection II
Special Provisions on Liquidations Provided For in Agreements Between the Parties or Liquidations by the Court

Article 276: Area of Implementation

In the absence of provisions in the statute or of an agreement between the parties, the liquidation of the dissolved company will be carried out in accordance with the articles of this subsection, without affecting the implementation of the articles of Subsection I of this section.

Among other things, the court decision can order that this liquidation take place under the same conditions, at the request of:

1. The majority of the partners in the general partnerships;

2. Partners who represent at least one-tenth of the starting capital in the limited partnerships, limited-liability companies, and public companies;

3. Creditors of the company.

On this occasion, any provisions of the statute which are in conflict with the provisions in this section are considered to be invalid.

Article 277: Cessation of the Powers of the Directors

The powers of the board of directors or of the administrators cease as of the date of the court decision on the implementation of the previous article or on the date of the dissolution of the company, if this occurs at a later date.

Article 278: Continuity of the Functions of the Control Organs

The dissolution of the company does not interrupt the functions of the council of overseers and the certified public accountants.

Article 279: Appointment of Auditors

In the absence of the certified public accountants, and in companies which are not required to have them, one or more auditors can be appointed by the partners under the conditions specified in the first paragraph of Article 289 of this law. Otherwise, they can be designated by court decision at the request of the liquidator or of any person concerned.

The document appointing the auditors specifies their powers, duties, and remuneration and the length of time that they will be carrying out their functions. They have the same responsibility as the certified public accountants.

Article 280: Appointment of the Liquidator by the Partners

One or more liquidators are appointed by the partners if the dissolution is a result of the completion of the period specified in the statute or if the partners decide to dissolve the company.

The liquidator is appointed:

1. In general partnerships, with the approval of all the partners;

2. In limited partnerships, with the approval of all the "unlimited" partners and of the "limited" partners holding the majority of the capital;

3. In limited-liability companies, with the approval of the partners holding the majority of the capital;

4. In public companies, under the conditions of the quorum and majority stipulated for sessions of the regular general meeting.

Article 281: Designation of a Liquidator if One Has Not Been Appointed by the Partners

If the partners have not been able to appoint a liquidator, one is designated by court order at the request of any interested person.

Any interested person can appeal the order within 15 days of the date of its announcement, under the conditions stipulated in Article 266 of this law.

This appeal is sent to the court which can appoint another liquidator.

Article 282: Designation of a Liquidator in the Case of Dissolution by the Court

If the company is dissolved by court decision, this decision designates one or more liquidators.

Article 283: Length of the Term of the Liquidator

The term of the liquidator cannot exceed three years.

However, this term can be extended by the partners or by the court, according to the case, when the liquidator has

been appointed by the partners or by court decision. If the general meeting of the partners has not been able to hold a regular session, the term can be extended by court decision, at the request of the liquidator.

In seeking the extension of his term, the liquidator gives the reasons why the liquidation could not be completed and indicates the measures which he plans to take and the length of time needed to complete the liquidation.

Article 284: Discharging and Replacing the Liquidator

The liquidator is discharged and replaced in the manner specified in the document by which he has been appointed.

Article 285: Calling a Meeting of the Partners

Within six months of his appointment, the liquidator calls a sesson of the general meeting of the partners, at which he presents a report on the assets and liabilities of the company and the progress of the liquidation operations and indicates how much time is needed to complete the operations. The deadline which the liquidators is given for presenting the report can be extended to 12 months, by court decision, at the liquidator's request.

If it is not convoked by the liquidator, the session of the general meeting is called by the control organ, if there is one, or by a proxy appointed by court decision at the request of any one of the persons concerned.

If it is impossible to hold a session of the general meeting or if no decision has been taken at such a session, the liquidator seeks the necessary authorizations to carry out the liquidation, through the organs of the law.

Article 286: Powers of the Liquidator

The liquidator represents the company. He has all the necessary powers to sell the assets, with permission.

The limitations on these powers resulting from the statute or from the act of appointment must be respected by third parties.

He is authorized to pay the creditors and to divide up any surpluses.

He can continue with the tasks which have already been begun or he can become involved with new issues related to the liquidation, only if he is authorized, acccording to the case, either by the partners or by court decision.

Article 287: Accountings of the Company and the Annual General Meeting

Within three months after the end of the fiscal year the liquidator compiles the annual accountings on the basis of the inventory of the various elements of the assets and liabilities existing on that date and also prepares a written report by means of which he gives an accounting of liquidation operations during the past fiscal year.

Aside from the exceptions specified by court decision, the liquidator calls, according to the methods set in the statute, at least once a year and within six months of the end of the fiscal year, a meeting of the partners, which decides on the annual accountings, gives the required authorizations and, if necessary, extends the terms of the auditors, the certified public accountants, or the members of the council of overseers.

If there is no session of the general meeting, the report mentioned in the first paragraph of this article is filed with the trade register and it is available to any person concerned.

Article 288: Right of the Partners To Be Informed

During the liquidation period, partners can have access to all the company's documents, under the same conditions as before.

Article 289: Quorum, Majority, and the Right To Vote

The decisions stipulated in paragraph 2 of Article 287 of this law are made:

—by the partners holding the majority of the capital, in general partnerships, limited partnerships, and limited-liability companies;

—by a quorum and majority in the ordinary general meeting, in public companies.

If the required majority cannot be achieved, the decision is made by the court, at the request of the liquidator or of any person concerned.

When the examination carried out requires the amending of the statute, the decision to amend the statute is made under the conditions specified for this purpose, according to the type of company.

Liquidating partners can participate in the voting.

Article 290: Convocation of the General Meeting in the Case of the Continuation of the Activity of the Company

In the case of the continuation of the activity of the company, the liquidator must call a session of the general meeting of the partners, in accordance with the conditions set forth in Article 287 of this law.

If no session is called by the liquidator, any person concerned can call a session of the general meeting, by means of the certified public accountants, the council of overseers or the control organ, or through a proxy designated by court decision.

Article 291: Dividing the Assets

When there are no provisions to the contrary in the statute, the company's own capital which remains after the payment of the face value amount for the stocks or the shares of starting capital is divided up among the partners in the same proportion as their contribution to the starting capital.

Article 292: Distributing the Funds

If he deems it necessary, the liquidator decides to distribute the funds which are at his disposal during the liquidation, while taking into account the rights of the creditors.

If no results have been achieved after the liquidator has been notified, any person concerned can seek, by means of the law, that a decision be made to distribute the funds during the liquidation, if this is thought to be justifiable.

The decision to distribute the funds is published in a newspaper which is authorized to publish legal notices, in which the announcement required by Article 266 of this law has also been published. All the holders of registered stocks are informed of the decision by registered letter.

Article 293: The Competent Court and the Procedure

The court is competent to makes the decisions stipulated in Article 283, paragraph 2; Article 285, paragraphs 2 and 3; Article 286, paragraph 4; Article 287, paragraph 2; Article 289, paragraph 2; and Articles 290 and 292, paragraph 2. The decision stipulated in Articles 290 and 292, paragraph 2 must be made immediately.

Article 294: Depositing Funds

The sums of money earmarked for distribution to partners and creditors are deposited within 15 days after the date of the decision to distribute the money, in an account opened in a bank in the name of the company which is in the process of liquidation.

If the money earmarked for the creditors or partners cannot be distributed to them, it is deposited in a special savings account of the state treasury after a year has elapsed.

Chapter VII
Penal Provisions

Article 295: False Statements Made at the Time of the Establishment of a Limited-Liability Company or of the Increasing of its Capital

Partners of a limited-liability company who knowingly made a false statement on the division of the starting capital among the partners, the payment for shares of this capital, or the depositing of funds, or who have failed to make such a statement are sentenced to from two to six months in prison and a fine of from 2,500 to 100,000 leks, or to only one of these punishments.

The provisions of this article are not implemented in the case of the increasing of capital.

Article 296: Abuse of Power

Administrators or members of the council of overseers or of the board of directors who have deceptively used the powers which they possessed or the votes which they had under their control because of their position for their own advantage and who knew that they were acting in conflict with the interests of the company, for personal gains or to favor another company or enterprise in which they have had direct or indirect interests are sentenced to from one to five years in prison and a fine of from 5,000 to 2,500,000 [leks], or to only one of these punishments.

Article 297: Violations of the Law During the Establishment of a Public Company

The following are sentenced to from one to five years in prison and a fine of from 5,000 to 100,000 leks, or to only one of these punishments:

1. Persons who, knowingly, during the drafting of a certificate of deposit, in stating the subscriptions and payments, guarantee as accurate and true those subscriptions which they knew were false or those who declared as deposited funds which were not actually available to the company as well as those who gave the depositors of the funds a list of stockholders which included false subscriptions or deposits of funds which have not been definitely made available to the company;

2. Persons who, knowingly, by he simulation of subscriptions or deposits, or by the publication of subscriptions or deposits which do not exist, or by any other falsified activity, have profited from or have tried to profit from some subscriptions or deposits;

3. Persons who, knowingly, to encourage subscriptions or deposits, publish the names of fictitious persons who, it seems, were or were supposed to be associated with the company in any type of position.

4. Persons who, deceptively, have evaluated a contribution in kind at higher than its real value.

Article 298: Improper Issuance of Stocks

Founders. Members of the council of overseers, or members of the board of directors of a public company who issue stocks or stock splits on a certain date are sentenced to a fine of from 5,000 to 100,000 leks:

a) if this issuance precedes the registration of the company in the trade register;

b) if the registration is carried out in an illegal manner;

c) if this is done before the formalities for establishing the company are carried out in the proper manner;

ch) if this is done before a change in the statute, as a result of an increase in capital, which preceded the issuance, is recorded in the trade register;

d) if the registration mentioned in point "c" has been carried out in an illegal manner;

dh) before the formalities for increasing capital, mentioned in point "c," are carried out in the proper manner.

Prison sentences of from three months to one year can, among other things, be given:

a) if stocks or stock splits are issued before at least one-fourth of the face value of the stocks for cash contribution and, if necessary, the full amount of the issuance bonus are paid for in the subscription; or before the stocks for contribution in kind are paid for completely, prior to the registration of the company; or, if necessary, before the change in the statute is recorded in the trade register;

b) in the case of an issuance which follows an increase in capital, before full payment has been made for the capital subscribed earlier. The sentences specified in this article can be doubled when it is a question of public companies with public offerings.

Article 299: Certified Public Accountants Who Are Not in Compliance With the Law

Any person who, in his own name or as a partner in a firm of certified public accountants, knowingly accepts, exercises, or holds the position of certified public accountant, while not respecting legal provisions on conflict of interest, is sentenced to from two to six months in prison and a fine of from 5,000 to 100,000 leks, or only one of these punishments.

Article 300: Illegal Exercise of the Functions of Certified Public Accountant

Any certified public accountant who, in his own name or as a partner in a firm of certified public accountants, knowingly gives or confirms fabricated information on the situation of the company or does not inform the Prosecutor of the Republic of punishable acts of which he has knowledge is sentenced to from 1 to 5 years in prison and a fine of from 5,000 to 200,000 leks, or only one of these punishments.

With the exception of cases in which the law obliges or authorizes them to serve as informers, certified public accountants who expose the secrets of the company are sentenced to upto 2 years in prison and a fine of from 2,500 to 100,000 leks, or only one of these punishments.

Article 301: Failure To Make the Obligatory Notations

Members of the board of directors, administrators, or liquidators of a company who fail to make notations of data required by Article 37, paragraph 3, Article 74, paragraph 2, and Article 265, paragraphs 2 and 3 of this law, in all the acts or documents issued by the company and intended for third parties are sentenced to a fine of from 5,000 to 25,000 leks.

Article 302

The Council of Ministers is charged with presenting a special draft law which, among other things, will regulate the status of commercial companies created before this law goes into effect.

Article 303

Decree No. 7407, dated 31 July 1990, "On Economic Activity With the Participation of Foreign Capital in the People's Socialist Republic of Albania," and any other provision which is contrary to this law, is repealed.

Article 304

This law goes into effect on 1 January 1993.

Tirana, 19 November 1992
Law No. 7638

Proclaimed by Decree No. 399, 14 December 1992, of the President of the Republic of Albania, Sali Berisha

Amendments to Law on Protection of Environment

93WN0252A Sofia DURZHAVEN VESTNIK in Bulgarian No 100, 10 Dec 92 pp 26-29

[Amendments to the Law on Protection of the Environment adopted by the 36th National Assembly on 4 December 1992 and signed by Aleksandur Yordanov, National Assembly chairman. Law on Protection of Environment published in JPRS-EER-92-024-S, 3 March 1992, pp 5-13]

[Text]

Ukase No. 293 of President of the Republic Zhelyu Zhelev Issued in Sofia on 9 December 1992 and Sealed With the State Seal

On the basis of Article 98, Item 4 of the Constitution of the Republic of Bulgaria, I hereby decree that the Law on Amendments and Supplements to the Law on Protection of the Environment, adopted by the 36th National Assembly on 4 December 1992, be published in DURZHAVEN VESTNIK.

Law Amending and Supplementing the Law on the Protection of the Environment

(DV, No. 86, 1991)

1. Article 2 is amended to read as follows:

"**Article 2.** The risk to human health and the environment and its relation to sustained damages and lost benefits are the foundations for the formulation of an ecological policy."

2. Article 3 is amended to read as follows:

"**Article 3.** (1) Those who engage in activities that pollute the environment within the limits of admissible standards shall pay fees.

"(2) The funds collected from fees for pollution within the limits of admissible standards are allocated as follows: 40 percent to the township environmental protection funds; 60 percent to the national environmental protection fund.

"(3) For harming or polluting the environment above the admissible standards, persons shall pay fines and legal entities will be subject to monthly penalties as defined in Article 32 of this law.

"(4) The sums paid for fees imposed as per Paragraph 3 are allocated as follows: 30 percent to the township environmental protection funds and 70 percent to the national environmental protection fund.

"(5) The assets of such funds shall be used exclusively to finance activities related to environmental protection."

3. A new Article 3(a) is created, to read as follows:

"**Article 3(a).** Natural resources for the use of which fees are paid are defined by a law."

4. In Article 5 the word "environment" is substituted by the words "surrounding environment."

5. Article 7 will be subject to the following amendments and supplements:

1. Paragraph 1 is amended to read as follows:

"(1) It is forbidden to introduce waste and dangerous substances in the country:

"1. Of undetermined chemical composition, as well as those for which there are no methods for analysis applicable in the Republic of Bulgaria;

"2. With a view to their storing, depositing, destruction, or recycling;

"3. With a view to their use for production purposes, providing that the decision of the competent authority as per Article 27 on assessing their influence on the environment is negative."

2. In Paragraph 2 the words "refuse and" are added after the words "hauling off of."

3. Paragraph 3 is amended to read as follows:

"(3) It is forbidden to build and operate enterprises and other projects and carry out activities without treatment and protective installations, should they be necessary."

4. A new Paragraph 4 is added to read as follows:

"(4) The use of licenses and patents, and importing equipment and technologies which create the danger of pollution exceeding the limits of existing standards and norms, is prohibited."

6. Article 11 is amended to read as follows:

1. In Paragraph 1 replace the words "the Ministry of Agriculture and Food Industry" with the words "the Ministry of Agricultural Development, Land Utilization, and Restoration of Land Ownership, and the National Statistical Institute."

2. In Paragraph 2 the expression "Article 8, Item 2" is replaced with "Article 8, Items 2 and 3."

3. Paragraph 3 is amended to read as follows:

"(3) The authorities as per Paragraph 1 must submit and make public information through the mass information media or by any other means in a form accessible to the citizens."

7. In Article 12, Paragraph 3, the words "Item 2" are deleted.

8. A new Article 13 is added to read as follows:

"**Article 13a.** In cases of direct threat of substantial pollution or harm to the environment, the authorities

and individuals as per Article 12, Paragraph 1 must immediately inform the population and take urgent steps to prevent any eventual harmful consequences."

9. In Article 17, Paragraph 3, the word "formulated" is replaced by the word "approved."

10. Paragraphs 2, 3, 4, 5, and 6 of Article 19 are deleted.

11. Article 20 is amended to read as follows:

"Article 20. (1) A mandatory assessment must be provided on the impact on the environment for the following:

"1. All projects and sites in the list as per Addenda Nos. 1 and 2;

"2. National and regional development programs, and territorial and urban structural plans and their amendments;

"3. Plans for the reconstruction and expansion of existing projects as per the preceding items.

"(2) Projects and activities other than those stipulated in Paragraph 1 may be reassessed by the competent authorities as per Article 27.

"(3) Assessments of environmental impact may be provided also by proposal of interested persons or legal entities, addressed to the competent authorities as per Article 27.

"(4) In the case of functioning projects, the environmental impact assessment must be tested periodically as prescribed by the competent authorities. For major polluting projects an assessment must be made no less than once every five years."

12. Article 21 is amended to read as follows:

"Article 21. (1) The assessment is assigned by the investor or initiator of the activities to independent experts who:

"1. Are professionally competent;

"2. Declare that they do not have any direct interest in the implementation of the project or activity and have not participated in the drafting of the project.

"(2) The experts submit their conclusion, guided by the requirements of Article 2 and the country's norms and standards relative to the admissible pollution of the environment."

13. Article 22 is amended to read as follows:

"Article 22. The procedure and conditions for the evaluation are defined on the basis of a regulation issued by the minister of the environment together with the minister of territorial development, housing policy, and construction, the minister of health care and the minister of agricultural development, land use, and restoration of land ownership."

14. Article 23 is amended to read as follows:

"Article 23. (1) The investor or initiator of the activities submits to the competent authority a report on the assessed impact on the environment, which must mandatorily include:

"1. Annotation of the project;

"2. Description of the environment subject to the impact;

"3. Prognosis on the anticipated impact;

"4. Description of possible means of implementation of the project;

"5. List of countries which may be affected by the impact of the project on the environment;

"6. Other elements as assessed by the minister of the environment;

"7. Conclusion of the experts who have made the evaluation.

"(2) The cost of assessing the environmental impact is borne by the investor or initiator of the activity."

15. New Articles 23a, 23b, and 23c are created to read as follows:

"Article 23a. (1) The competent authority organizes a discussion of the submitted results of the evaluation of the environmental impact, with the participation of the local administrative authorities, and representatives of public organizations, the public, and interested persons and legal entities.

"(2) The individuals as per Paragraph 1 must be informed by the competent authority through the information media or by any other suitable means no later than one month prior to the discussion.

"Article 23b. (1) The competent authority issues a resolution after a discussion of the results of the evaluation, but no later than three months after the conclusion of the procedure as per Article 23a.

"(2) The resolution is reported in writing to the assigners of the evaluation as per Article 21 and is made public through the mass information media or by any other suitable means within 14 days after its adoption.

"(3) Interested persons may appeal the resolution to the respective okrug court in accordance with the Law on Administrative Procedures, within 14 days of the announcement as per Paragraph 2 for local procedures and 30 days for projects of national significance.

"(4) The resolution on assessing the environmental impact of nonstarted projects and activities remains valid for a period not to exceed one year.

"Article 23c. The competent authority must prohibit or stop activities or implementation of projects for which

the environmental impact assessment has been negative or for which the mandatory evaluation has not been completed, or else which have not been equipped with the necessary treatment and protective installations."

16. Article 23 shall be amended and supplemented as follows:

1. Paragraph 1, Item 2, is amended to read as follows:

"2. Controls the national environmental protection fund and allocates funds for activities related to environmental protection, scientific research, and projects, including persons and legal entities";

2. The following is added to Paragraph 1, Item 3: "prohibits or stops activities harmful to the environment";

3. The following words are added to Paragraph 1, Item 4: "in terms of the environment";

4. Paragraph 1, Item 7, is amended to read as follows:

"7. Formulates together with the minister of health, the minister of agricultural development, land use, and restoration of land ownership, the minister of territorial development, housing policy, and construction, and other state authorities:

"a. Standards for emissions and concentrations of harmful substances by rayon, environmental component and type of pollutant, as well as the utilization of renewable and nonrenewable natural resources;

"b. Special systems for areas with an endangered environment, and projects and measures for the restoration of the normal qualities of the environment within them, submitted for approval by the Council of Ministers;

"c. Instructions on labeling goods in accordance with the stipulations of Article 14;

"d. Rates of fees charged for the use of natural resources and admissible pollution;

"e. Instructions on the transportation, storing, utilization, and dumping of dangerous substances";

5. Paragraph 1, Item 8, is amended to read as follows:

"8. Directs and controls the preservation of the biological variety and natural ecosystems, and declares protected species and territories";

6. Paragraph 1, Item 9, is deleted.

7. Item 10 of Paragraph 1 becomes Item 9, and is amended to read as follows:

"9. Issues and publicizes methods for the control and evaluation of the impact on the environment as per Chapters 3 and 4; organizes a national system for observation and oversight of the condition of the environment";

8. Item 11 of Paragraph 1 becomes Item 10.

9. In Paragraph 2 the words "Items 7 and 9" become "Item 7."

17. Article 25 is amended to read as follows:

1. Paragraph 1 is amended as follows:

"(1) The minister of the environment organizes rayon environmental inspectorates as the ministry's agencies and defines their functions and territorial jurisdiction. The rayon inspectorates serve the townships that have no equipment and personnel for environmental protection."

2. Paragraphs 2 and 3 are deleted.

3. Paragraph 4 becomes Paragraph 2.

18. Article 26 is amended and supplemented as follows:

1. In Item 1 the words "Ministry of Agriculture and Food Industry" are replaced with "Ministry of Agricultural Development, Land Use, and Restoration of Land Ownership," to which the words "and other competent state authorities" are added;

2. Items 5 and 6 are amended to read as follows:

"5. Organize and control the collecting and treatment of household refuse;

"6. Control the township environmental protection funds."

19. Article 27 is amended to read as follows:

1. Paragraph 1 is amended as follows:

"(1) If the result of the activities of persons, legal entities, and state and township authorities occur or could occur:

"1. On the territory of a township, the respective rayon environmental protection inspectorate or township authorities are competent to undertake the necessary actions and activities as stipulated in the law;

"2. On the territories of several townships within a single rayon environmental protection inspectorate—the respective rayon environmental protection inspectorate;

"3. On the territories of several townships within different rayon environmental protection inspectorates—the minister of the environment."

2. Paragraph 2 is deleted.

3. Paragraphs 3 and 4 become, respectively, Paragraphs 2 and 3.

20. The following sentence is added at the end of Article 29: "The compensation may not be lesser than the amount of funds needed for repairing the damage caused."

21. Article 32 is amended to read as follows:

"Article 32. (1) For violations of this law, not qualified as a crime, persons may be fined from 1,000 to 150,000 leva.

"(2) In the case of repeated violation or a violation committed by an official, the fine is from 3,000 to 300,000 leva.

"(3) For obviously minor violations committed by persons, the fine may not exceed 1,000 leva.

"(4) If the environment is harmed or polluted above the admissible standards, legal entities are subject to monthly penalties not to exceed 30 million leva."

22. In Article 34, Paragraph 1, the words "no more than 250,000 leva" are replaced with "no more than 350,000 leva."

23. In Article 35 the words "or individuals authorized by him" are added at the end of the article.

24. The additional stipulations are amended to read as follows:

1. Item 6 is amended as follows:

"6. 'Harming the environment' means the type of change in one or several components of the environment which result in worsening the quality of life of the people, depletion of biological variety, or hindered restoration of natural ecosystems";

2. Item 7 is amended as follows:

"7. 'Dangerous substances and waste' are those which harm or could harm human health, the flora or fauna, and the qualities of the environment as a result of their production, transportation, storage, use, or dumping."

25. The provisional and concluding stipulations are amended as follows:

1. In point 5 the words "Article 24" are replaced with "Articles 18 and 24"; the words "is deleted" are replaced with "are deleted."

2. A new Item 6 is added to read as follows:

"6. In Article 8 of the provisional stipulations of the Law on State Fees (published in IZV. No. 104, 1951; amended and supplemented, No. 89, 1959; No. 21, 1960; DV No. 53, 1973; No. 87, 1974; No. 21, 1975; No. 21, 1990; and No. 55, 1991) add to the first sentence 'as well as fees collected in accordance with the Law on Protection of the Environment.'"

3. A new Item 7 is added to read as follows:

"7. (1) Fees as per Paragraphs 3 and 3a are set by Council of Ministers act.

"(2) The amount and procedure for establishing penalties as per Article 3, Paragraph 3, are defined by Council of Ministers act."

4. A new Item 8 is created to read as follows:

"8. For services related to organizing assessments on the environmental impact, the issuing of permits, certificates, and written agreements, and for setting quotas for the utilization of endangered biological resources, the Ministry of the Environment shall collect fees in accordance with a procedure set by the Council of Ministers, said fees to be paid to the national environmental protection fund."

5. A new Item 9 is created to read as follows:

"9. (1) In the case of restitution, privatization, and investment in projects for new construction by foreign and Bulgarian persons and legal entities, such persons and legal entities bear no responsibility for any ecological damages resulting from past actions or inactions.

"(2) The project as per Paragraph 1 must be mandatorily subject to an assessment of the impact on the environment until the time of restitution, privatization, or investment."

6. A new Item 10 is created to read as follows:

"10. The Ministry of the Environment, the Ministry of Territorial Development, Housing Policy, and Construction, and the Ministry of Health Care, together with the township authorities, shall set standards for blocking the discharge of industrial effluents in the sewer systems of settlements."

7. Item 6 becomes Item 11.

26. Item 10 of Appendix No. 1 is amended to read as follows:

"Installations for the destruction or dumping of waste on the surface and under the ground."

27. Appendix No. 2 is amended to read as follows:

1. Letter "c" of Item 2 is amended as follows:

"c. Plants for the extraction of quarry, stone-facing, and active materials";

2. Letter "i" of Item 2 is amended as follows:

"i. Plants for the extraction of bituminous shale, non-ore, and mineral raw materials";

3. Letter "i" of Item 3 is amended as follows:

"i. Plans for hydroelectric production of energy";

4. Letter "c" of Item 11 is amended as follows:

"c. Equipment for the processing, treatment, and storage of refuse not included in Appendix No. 1."

Law Establishing Czech Republic Army

93CH0417A Prague REPORT in Czech 7 Jan 93 p 3

["le"-signed report: "Czech Republic Army Established!"]

[Text] We have succeeded in getting a law that breathes life into the Army of the Czech state.

As early as 21 December 1992 the Czech National Council [CNZ] approved a Law on the Czech Republic Army [ACR] as well as amendments and supplements to some related laws. However, we were not able to get the final wording of it until two days before the year ended, and we did so mainly due to the understanding and help of members of the CNR. Thus, we can now provide you with the document, which is so important for every soldier in the new Czech state.

The law has 15 sections in all, and provides detailed answers to such questions as the health care of members of the ACR and their health insurance. However, we would like to return to these issues in more detail in subsequent articles. Therefore we will now select the most important provisions from the above-named law.

Section 1

The Czech Republic Army is herewith established. Its task is to protect the liberty, independence, and territorial integrity of the Czech Republic.

Section 2

The Czech Republic Army is made up of the military divisions and facilities of the Czechoslovak Army that are located in the territory of the Czech Republic on the day the former is disbanded.

Section 3

(1) Other budget-supported organizations and self-supporting organizations, which fall under the jurisdiction of the Federal Ministry of Defense in the territory of the Czech Republic on the day the Czech and Slovak Federal Republic ceases to exist, are herewith established. Organizations established in accordance with the first sentence may be changed or discontinued by the Czech Republic Ministry of Defence as the founder in accordance with generally binding legal regulations.

(2) State enterprises established by the Federal Ministry of Defense that have their headquarters in the territory of the Czech Republic and have the right to dispose of the assets of the Czech and Slovak Federal Republic and that, according to the constitutional Law on the Division of Assets of the Czech and Slovak Federal Republic between the Czech Republic and the Slovak Republic and their Transfer to the Czech Republic and the Slovak Republic, will be transferred to the Czech Republic are considered to have been established by the Ministry of Defence of the Czech Republic.

Section 4

Relations in the Czech Republic Army, in particular the performance of basic military service and the method of training and organization will be in accordance with former regulations that were valid in the now disbanded Czechoslovak army.

Section 5

The terms of service of soldiers in the Czechoslovak Army, who are members of military divisions or facilities mentioned in Section 2 or are members of other budget-supported organizations or self-supporting organizations or state enterprises mentioned in Section 3 on the day it is disbanded, will not be annulled and these members will become members of the Czech Republic Army at whatever military rank they have attained.

Section 6

(1) Civilian employees of the Federal Ministry of Defense will become civilian employees of the Ministry of Defense of the Czech Republic.

(2) Civilian employees of the Czechoslovak Army who are employed by military divisions or facilities mentioned in Section 2 or other budget-supported organizations mentioned in Section 3, para. 1 will become civilian employees of the Czech Republic Army.

(3) Civilian employees of the Czechoslovak Army who are employed by self-supporting organizations mentioned in Section 3, para. 1, will remain civilian employees of these organization.

Section 12

If a professional soldier or a soldier doing additional service requests to be discharged from service by 31 January 1993, he will be discharged on his request in accordance with regulations valid up to 31 December 1992.

Section 13

(1) Service done by citizens of the Czech Republic in the Slovak Republic Army will not be considered to be service in a foreign army up to 31 March 1993.

(2) The military oath taken before 31 December 1992 by citizens of the Czech Republic in accordance with former legal regulations will be considered to be a military oath taken to the Czech Republic.

(3) Soldiers mentioned in Section 14 are obligated to take the military oath within one month from the day on which they are granted citizenship of the Czech Republic.

Section 14

Citizens of the Slovak Republic who are professional soldiers in the Czech Republic Army on the day on which this law goes into force may continue in this

service up to 31 March 1993. After this date, they may serve in the Czech Republic Army if they furnish proof that they have applied for exemption from the citizenship union of the Slovak Republic and they may do this up to the day on which their application to acquire citizenship of the Czech Republic has been processed, but no longer than up to 31 December 1993.

Section 15

This law will go into force on 1 January 1993.

Law on Foreign Currency

93CH0102A Prague HOSPODARSKE NOVINY in Czech 28 Jul 92 pp 15-17

[Text of "Foreign Currency Law"]

[Text] The Presidium of the Federal Assembly announces the full text of the Foreign Currency Law of 28 November 1990 No. 528, Czechoslovak Law Gazette, as it was amended by changes and additions enacted by the law of 22 April 1992 No. 228/1992.

The Federal Assembly of the Czech and Slovak Federal Republic approved the following law:

PART ONE

Article 1

Terms

Section 1

(1) Foreign exchange means are financial means in the form of foreign currency [valuty] or foreign exchange [devizy].

(2) Foreign currency is financial means in the form of banknotes, bills, and coins.

(3) Foreign exchange is financial means in foreign currency which are held in accounts at domestic or foreign financial institutions, or which can be used on the basis of foreign instruments of payment (paragraph 2, letter a).

Section 2

For the purpose of this law:

a) Foreign instruments of payment are understood to be commercial papers which carry the right to make payment in foreign currency (bills of exchange, checks, letters of credit, vouchers, invoices, etc.).

b) Gold is understood to be gold coins and gold in ingots negotiable worldwide, the purity of which is guaranteed for this purpose by a globally recognized legal entity either by an imprint of its mark or an attached certificate.

c) Securities are understood to be documents which carry the right to participate in ownership of property (stocks, shares, etc.) debentures (government, public institutions, banks, industrial and other enterprises), as well as dividends and interest coupons and talons;

d) Foreign securities are understood to be securities pertaining to property in foreign countries, as well as those which are to be implemented abroad;

e) Foreign exchange assets are understood to be foreign currencies, foreign instruments of payments, gold, foreign securities, certificates of deposit in foreign currency, and bank books in foreign currency;

f) Trade in foreign exchange assets is understood to be buying and selling of foreign currency for Czechoslovak currency, as well as the mutual exchange of foreign currencies and the use of foreign exchange in all kinds of trade (for example, guaranties, arbitrage operations, credit);

g) Claims of a native resident holder of foreign currency against a nonresident foreign currency holder is understood to be a claim that is to be paid in Czechoslovak or foreign currency;

h) Financial obligation of a native resident holder of foreign currency to a nonresident foreign currency holder is understood to be an obligation which is to be paid in Czechoslovak or foreign currency.

Section 3

(1) For the purposes of this law, a foreign exchange bank is understood to be a bank with its place of business in this country and a branch of a foreign bank, as long as the permit to operate as a bank[1] does not exclude trading in foreign exchange assets or participating in the system of payment abroad.

(2) Unless this law states otherwise, the provisions establishing the legal status of native resident holders of foreign currency—legal entities—apply to a foreign exchange bank, with the exception of a branch of a foreign bank. A branch of a foreign bank, in carrying out its activities derived from its permit to operate as a bank, is not considered to be a nonresident foreign currency holder.

Section 4

A foreign exchange permit is a permit granted by a foreign exchange agency (Section 6) on the basis of an application, according to individual provisions of this law. A foreign exchange permit can be given also for repeated transactions.

Section 5

(1) Native resident holders of foreign currency are private individuals with a permanent residence[2] in this country, and legal entities which have a place of business in this country.

(2) Other private individuals and legal entities are nonresident foreign currency holders. Nonresident foreign currency holders are also international organizations

with residence in this country, that were established and and are carrying out activity in the Czech and Slovak Federal Republic according to special regulations.[3]

(3) The rights and duties of native resident holders of foreign currency-legal entities apply also to native resident holders of foreign currency who are private individuals-entrepreneurs,[3a] in carrying out their business activities.

Article 2
Foreign Exchange Agencies and Their Range of Activity

Section 6

(1) According to this law, foreign exchange agencies are the Czechoslovak State Bank, the Federal Ministry of Finance, the republican Ministries of Finance, and the Federal Ministry of Foreign Trade.

(2) Implementing this law, unless determined otherwise, are:

a) The Federal Ministry of Finance in the area of government credit and in relation to budgetary or contributory organizations, civic associations and foundations, as well as other legal entities within the province of the Federation which are not engaged in entrepreneurial activities.

b) The republican Ministry of Finance in relation to budgetary and contributory organizations and civic associations within the province of the republic, to churches, religious societies[4] and foundations, as well other legal entities within the province of the republic which are not engaged in entrepreneurial activities, and in relation to private individuals whose place of residence is on the territory of this republic, as long as it does not pertain to their entrepreneurial activity.

c) The Czechoslovak State Bank in relation to other legal entities and private individuals-entrepreneurs in the pursuit of their entrepreneurial activities.

(3) The Ministries of Finance of the republics provide foreign exchange register and working papers for interstate negotiations on legal property claims, and arrange the internal implementation of the results of those negotiations.

PART TWO

Trade in Foreign Exchange Assets and the System of Payments

Section 7

(1) Foreign exchange banks may trade in foreign exchange assets (Section 2f) to the extent determined by the Czechoslovak State Bank.

(2) Native resident holders of foreign currency, who are not a foreign exchange bank, may trade without a foreign exchange permit:

a) With foreign exchange assets that are subject to an offer obligation (Section 11 Paragraph 1, Section 17 Paragraph 1) and which an exchange bank declined to buy (Section 12 Paragraph 3, Section 17 Paragraph 7) and issued them a certificate to that effect.

b) With gold coins.

(3) In instances to which the provision of Paragraph 2 does not apply, native resident holders of foreign currency who are not a foreign exchange bank may trade with foreign exchange assets, provided one of the participants in that trade is not a foreign exchange bank, only with a foreign exchange permit from the Czechoslovak State Bank.

(4) Nonresident foreign currency holders may engage in mutual trade with foreign exchange assets for Czechoslovak currency, as well as carry out such trade with native resident holders of foreign currency only with a foreign exchange permit from the Czechoslovak State Bank.

(5) Other persons, to whom the Czechoslovak State Bank issued a permit to trade in foreign exchange assets and work within the system of payments with foreign countries, have within the scope of such permit the rights and obligations designated by this law for a foreign exchange bank. The Czechoslovak State Bank will determine by a measure published in the Law Gazette the conditions for carrying out exchange activity by such persons.

(6) Banks may buy and sell foreign exchange assets for Czechoslovak currency without a foreign exchange permit. In carrying out this activity they have the status of a foreign exchange bank.

Section 8

(1) A native resident holder of foreign currency may make payments to a foreign country and receive payments from abroad, as long as the implementing instructions or the permit of the Czechoslovak State Bank or the permit of another foreign exchange agency made in agreement with the Czechoslovak State Bank does not indicate otherwise, exclusively through the intermediary of a foreign exchange bank, as long as the payment is not made in cash.

(2) A permit under Paragraph 1 is not necessary for providing financial services by the post office within the international system of payments.[5]

PART THREE

Rights and Obligations of Native Resident Holders of Foreign Currency-Legal Entities

Article 1

Section 9
Disclosure Obligation

(1) A native resident holder of foreign currency-legal entity is obliged to notify the Czechoslovak State bank for its records about:

a) Its financial claims and obligations toward a nonresident foreign currency holder.

b) Its real estate holdings abroad, as well as a statement of its income and expenditures connected with those holdings.

c) Its capital interests abroad.

d) Its foreign securities.

(2) Implementing instructions will determine the deadline for meeting the disclosure obligation under Paragraph 1, and may determine instances to which this obligation does not apply. In substantiated cases a native resident holder of foreign currency-legal entity may be exempt from the disclosure obligation totally or partially by a grant of a foreign exchange permit.

Article 2
Transfer of Claims of a Native Resident Holder of Foreign Currency-Legal Entity to This Country

Section 10

(1) A native resident holder of foreign currency-legal entity is obliged to perform without delay all that is necessary to transfer or transport to this country the amount paid abroad to satisfy its claims and the foreign exchange means on the accounts at foreign financial institutions.

(2) The implementing instructions may determine when a native resident holder of foreign currency-legal entity does not have the obligation described in Paragraph 1. In substantiated cases the native resident holder of foreign currency-legal entity may be exempt from this obligation by the grant of a foreign exchange permit.

Article 3
Offer Obligation and Right to Compensation

Section 11

(1) A native resident holder of foreign currency-legal entity is obliged to offer to the foreign exchange bank (Section 3) for purchase for Czechoslovak currency the foreign exchange assets and gold, with the exception of gold coins, in the total amount of the acquired foreign exchange and gold.

(2) The foreign exchange bank is obliged to offer to the Czechoslovak State Bank for purchase for Czechoslovak currency the foreign currency and gold it bought from native resident holders of foreign currency and nonresident foreign currency holders for Czechoslovak currency, in the amount and in a manner which will be determined by the Czechoslovak State Bank.

(3) Not subject to the offer obligation are foreign exchange assets and gold which the nonresident foreign currency holder invests as capital in a domestic enterprise in accord with special regulations.[6]

(4) The implementing instructions may determine when the native resident holder of foreign currency-legal entity is not bound by the obligation described in Paragraphs 1 and 2, or may extend the deadline for its implementation according to Section 12. In substantiated cases the native resident holder of foreign currency-legal entity may be exempt from this obligation by the grant of a foreign exchange permit.

(5) A native resident holder of foreign currency-legal entity is obliged to deposit the foreign exchange assets and the equivalent value of the gold in foreign currency which are not subject to the offer obligation (Paragraphs 3 and 4) in a foreign exchange account at a foreign exchange bank, unless the implementing instructions and foreign exchange permit state otherwise.

(6) Foreign currency assets deposited in the foreign exchange account are not subject to the offer obligation according to Paragraphs 1 and 2, and the owner may use them without restrictions, except in cases laid down in Section 7 Paragraph 3, and Section 14 Paragraph 1, and unless a foreign exchange permit was granted under Paragraph 4 for a special purpose use of these foreign currency assets.

Section 12

(1) A native resident holder of foreign currency-legal entity is obliged to meet the offer obligation stated in Section 11 pertaining to foreign exchange assets and gold within 30 days after acquiring them, or after learning that it has acquired them, or when it became a native resident holder of foreign currency. In the case of foreign exchange assets, the offer obligation is met by a transfer of the equivalent value of the acquired foreign exchange assets to an account of the native resident holder of foreign currency-legal entity held in a foreign exchange bank in Czechoslovak currency.

(2) Purchase of foreign currency and gold is carried out according to the exchange rate for the purchase of foreign currency or according to the market value of gold current prevailing on the day when the foreign currency and gold were offered for sale to the foreign exchange bank. The purchase of foreign currency is carried out according to the exchange rate prevailing on the day entered on the draft of the foreign bank. If the day is not entered, the purchase of foreign currency is made according to the exchange rate prevailing on the day the exchange bank received the draft of the foreign bank made out to the native resident holder of foreign currency-legal entity. Only in instances when the exchange bank cannot ascertain the amount remitted by the foreign bank to the native resident holder of foreign currency-legal entity otherwise than on the basis of the appropriate statement of account, the amount will be converted at the rate prevailing on the day entered on the statement of account of the foreign bank.

(3) If the foreign exchange bank declines to buy the foreign exchange assets from the native resident holder

of foreign currency-legal entity, it will issue a confirmation to that effect. The exchange citizen-legal entity may manage such foreign exchange assets at home as well as abroad without restrictions.

Section 13

(1) For the purpose of fulfilling a financial obligation of a native resident holder of foreign currency-legal entity toward a nonresident foreign currency holder that arose in accord with this law or on the basis of another generally binding legal regulation, the foreign exchange bank is obliged to sell at the request of the native resident holder of foreign currency-legal entity foreign currency for Czechoslovak currency to the nonresident foreign currency holder. This does not apply to financial obligations of the native resident holder of foreign currency-legal entity that are based on bonds in Czechoslovak currency with a one-year date of maturity.

(2) Settlement of foreign exchange obligations under Paragraph 1 is made at the exchange rate prevailing on the day of the payment which is required in order to meet the maturity date of the financial obligation. If a date of maturity is not given, the settlement of foreign exchange obligations is made at the exchange rate agreed upon between the foreign exchange bank and the native resident holder of foreign currency-legal entity. In other instances, the settlement is made at the exchange rate prevailing on the day the payment order was received by the foreign exchange bank from the native resident holder of foreign currency-legal entity.

(3) The Czechoslovak State Bank determines the procedure of the foreign exchange banks for making payments under Paragraph 1 and announces them through provisions in the Law Gazette.

Section 13a

(1) The foreign exchange bank is obliged to sell to the native resident holder of foreign currency-legal entity foreign currency for Czechoslovak currency for the defrayment of a private individual's expenses for business travel undertaken on behalf of that legal entity, to an extent determined in a special regulation.[6a]

(2) The foreign exchange bank is obliged to transfer abroad payment in foreign currency corresponding to the equivalent value of the Czechoslovak currency that was deposited by the native resident holder of foreign currency-legal entity for the purpose of covering the costs of operations of its organizational unit abroad.

(3) The foreign exchange bank is obliged to sell to the native resident holder of foreign currency-legal entity at its request foreign currency or make the payments in foreign currency to the nonresident foreign currency holder, to the extent necessary:

a) To guarantee the defense and security of the state.

b) To defray expenses connected with providing services in the area of tourism, and paid abroad.

(4) The implementing instructions determine to which native resident holders of foreign currency-legal entities the foreign exchange bank is obliged to sell foreign currency, or which have the right to be reimbursed in foreign currency under Paragraph 3a).

Section 13b

The appropriate foreign exchange agency under Section 6 Paragraph 2, may in substantiated cases give the native resident holder of foreign currency-legal entity a foreign exchange permit for an exceptional purchase of foreign currency above the framework of the instances described in Section 13 Paragraph 1 or in Section 13a Paragraphs 1-3.

Section 13c

The foreign exchange bank is obliged to sell to the native resident holder of foreign currency-legal entity foreign currency necessary to meet a financial obligation arising from an issue of stocks and bonds in foreign currency.[6b]

Article 4
Contractual Assumption of Liabilities Toward Nonresident Foreign Currency Holders and Their Payment

Section 14

(1) A native resident holder of foreign currency-legal entity may assume without a foreign exchange permit a contractual obligation to make payments to a nonresident foreign currency holder if it can use its own financial means to satisfy this obligation, with the following exceptions:

a) Purchase of real estate abroad.

b) Purchase of foreign securities.

c) Accepting financial credit from a nonresident foreign currency holder.

(2) In instances to which Paragraph 1 does not apply, the native resident holder of foreign currency-legal entity may enter into a contract to make payments to a nonresident foreign currency holder only after being issued a foreign exchange permit. The implementing instructions may determine other instances for which this permit is not required.

PART FOUR

Rights And Obligations of Native Resident Holders of Foreign Currency-Private Individuals

Article 1
Disclosure Obligation

Section 15

(1) The exchange citizen-private individual is obliged at the request of the Ministry of Finance of the republic where he has his residence to report to it for its records within the designated deadline:

a) His financial claims and financial obligations toward a nonresident foreign currency holder.

b) His real estate holdings abroad and a statement of his income and expenses which accrued to him in a given period in connection with that real estate.

c) His foreign securities.

(2) If the satisfaction of the financial claims of the exchange citizen-private individual is done through the intermediary of a legal entity designated for this purpose, the claim will be reported into the foreign currency records by that legal entity.

Article 2
Transfer of Claim Payments Home

Section 16

(1) The native resident holder of foreign currency-private individual is obliged to make without delay all that is necessary to transfer or transport home the amount paid abroad to satisfy his claim and the foreign exchange assets in accounts at foreign financial institutions.

(2) The native resident holder of foreign currency-private individual employed abroad must meet the obligation described in Paragraph 1 without delay after his return home following the end of his uninterrupted employment abroad.

(3) The implementing instructions may determine when a native resident holder of foreign currency-private individual does not have the obligation described in Paragraph 1. In substantiated cases the native resident holder of foreign currency-private individual may be exempt from this obligation by being granted a foreign exchange permit.

Article 3
Obligation To Deposit or Offer Foreign Exchange and the Right To Buy Foreign Exchange

Section 17

(1) If his foreign exchange assets exceed the amount equivalent to 5,000 Czechoslovak korunas [Kcs], the native resident holder of foreign currency-private individual is obliged within a time limit determined in Paragraph 3 to:

a) Deposit them in a foreign currency account in a foreign exchange bank, or,

b) Offer them to the foreign exchange bank for sale for Czechoslovak currency.

The foreign exchange bank is obliged to inform the native resident holder of foreign currency at his request what amount in the appropriate foreign currency corresponds to the amount of Kcs5,000.

(2) A native resident holder of foreign currency-private individual is obliged within a period established in Paragraph 3 to offer gold (Section 2b) to the exchange bank for sale for Czechoslovak currency or foreign currency. The offer obligation does not apply to gold coins.

(3) The native resident holder of foreign currency-private individual is obliged to meet the obligation under Paragraphs 1 and 2 within 30 days after obtaining the foreign currency and the gold, or after learning that he is getting them, or after becoming a native resident holder of foreign currency. A native resident holder of foreign currency-private individual is obliged to deposit the foreign currency and gold that he obtained during his stay abroad and brought home in a foreign currency account or offer them for sale to the foreign exchange bank within 30 days after his return from abroad.

(4) The native resident holder of foreign currency-private individual can use foreign currency that does not exceed the equivalent value of Kcs5,000, except in cases stated in Section 7 Paragraph 3 and Section 23.

(5) The calculation of the equivalent value of Kcs5,000 is determined by the prevailing rate for buying foreign currencies on the day when the period for satisfying the obligation under Paragraphs 1 and 2 begins.

(6) Not subject to the obligation under Paragraph 1 are foreign currency assets sold or bought by an exchange bank within 6 months from the day of their purchase or surrender specified in the confirmation of the foreign exchange bank. The native resident holder of foreign currency-private individual can use these foreign currency assets within the specified time limit, except in cases specified in Section 7 Paragraph 3 and Section 23.

(7) If the foreign exchange bank declines to buy the foreign exchange from the native resident holder of foreign currency-private individual, it is obliged to give him a certificate to that effect. The native resident holder of foreign currency-private individual can manage the foreign exchange at home as well as abroad without restrictions.

Section 18

The foreign exchange bank does not look into whether in satisfying the obligation under Section 17 the deadline stated in Section 17 Paragraph 3 was observed, and does not inquire into how the foreign currency being offered or deposited was acquired.

Section 19

(1) The implementing instructions may give relief from the obligations which the native resident holder of foreign currency-private individual has under Section 17.

(2) By being granted a foreign exchange permit, the native resident holder of foreign currency-private individual may become exempt from the obligations stated in Section 17, or the deadline for meeting them may be extended.

Section 20

(1) The foreign exchange bank is obliged to sell to a native resident holder of foreign currency-private individual and to a nonresident foreign currency holder foreign currency for Czechoslovak currency in cases stated in this law, its implementing instructions, or the foreign exchange permit which in substantiated cases can be issued by the appropriate foreign exchange agency under Section 6, Paragraph 2b.

(2) The sale of foreign exchange assets under Paragraph 1 is realized according to the prevailing exchange rate for the sale of foreign currency or securities by a foreign exchange bank.

Section 21

(1) The foreign exchange bank is obliged to sell to a native resident holder of foreign currency-private individual foreign currency for the purpose of paying expenses connected with travel abroad, to an extent announced by the Czechoslovak State Bank for the stated period and to issue him a certificate to that effect.

Article 4
Foreign Exchange Accounts

Section 22

(1) The foreign exchange bank is obliged to establish for a native resident holder of foreign currency-private individual at his request an interest-bearing foreign exchange account for depositing foreign currency in the agreed upon foreign currency. That does not influence the procedure of the exchange bank according to the special regulations.[6c]

(2) The foreign exchange deposited in the foreign exchange account set up under Paragraph 1 may be used by its owner or to the extent of his authorization by another native resident holder of foreign currency-private individual, except in cases described in Section 7, Paragraph 3 and Section 23.

(3) The interest on foreign exchange accounts established under Paragraph 1 is paid in the currency in which the accounts are held.

Article 5
Contractual Assumption of Financial Obligations and Their Satisfaction

Section 23

(1) A native resident holder of foreign currency-private individual may enter into a contract binding him to payments in foreign currency to a nonresident foreign currency holder without a foreign exchange permit, with the exception of buying real estate abroad, buying foreign securities, and accepting financial credit from a nonresident foreign currency holder, if in order to meet this obligation he can use in accord with this law:

a) Foreign currency deposited in a foreign exchange account in a foreign exchange bank.

b) Foreign currency which a foreign exchange bank is obliged to sell him under Sections 20 and 21.

c) Foreign currency which a foreign exchange bank declined to buy from him, giving him a confirmation to that effect.

d) Foreign currency which he acquired during his stay abroad.

e) Foreign currency to which obligations under Section 17 do not apply.

(2) A native resident holder of foreign currency-private individual may enter into a contract binding him to make payments to a nonresident foreign currency holder in Czechoslovak currency without a foreign currency permit, except for:

a) The purchase of real estate abroad.

b) The purchase of foreign securities.

c) Accepting a financial credit from a nonresident foreign currency holder.

(3) In instances to which Paragraphs 1 and 2 do not apply, a native resident holder of foreign currency-private individual may enter into a contract binding him to make payments to a nonresident foreign currency holder only after being given a foreign exchange permit. The implementing instructions may determine other instances in which this permit is not required.

Article 6
Managing Certain Assets

Section 24

(1) A native resident holder of foreign currency-private individual may transfer only with a foreign exchange permit to a native resident holder of foreign currency or give up for the benefit of a nonresident foreign currency holder his:

a) Financial claims against a nonresident foreign currency holder.

b) Real estate abroad.

(2) A foreign exchange permit under Paragraph 1 is not required for managing assets listed in Paragraph 1 in case of death.

(3) The implementing instructions may determine other instances to which the foreign currency permit under Paragraph 1 does not apply.

Section 25

A nonresident foreign currency holder may acquire ownership rights to real estate in the Czech and Slovak Federal Republic only:

a) By inheritance.

b) For diplomatic representation of a foreign country under conditions of reciprocity.

c) If in question is real estate that is being acquired for a joint ownership of husband and wife, of whom only one is a nonresident foreign currency holder, or if the real estate is to be acquired by a nonresident foreign currency holder-private individual from a husband or wife, parents, or grandparents.

d) By exchanging domestic real estate, which he owns, for another domestic piece of real estate, the value of which does not exceed the value of the original piece of real estate.

e) If he has the right of first refusal stemming from his co-ownership share of the real estate.[6d]

f) If in question is a building that the nonresident foreign currency holder built on his own land.

g) If a special law[7] explicitly says so.

PART FIVE

Article 1
Import And Export of Foreign Currency and Other Assets

Section 26

(1) A foreign exchange permit is not needed to import foreign exchange assets (Sections 1 and 2) to this country.

(2) A nonresident foreign currency holder is obliged to have the import of gold confirmed by customs.

Section 27

(1) A native resident holder of foreign currency-private individual may export without a foreign exchange permit during his travel abroad:

a) Foreign currency declared in the certificate not older than six months of the foreign exchange bank as having been sold or issued to him.

b) Foreign currency not exceeding the equivalent value of Kcs5,000 according to the rate of exchange prevailing for the purchase of foreign currency by an exchange bank on the day when this foreign currency is being exported.

c) Foreign currency about which the certificate of the exchange bank states that it declined to buy it from him.

d) Credit cards issued by a foreign exchange bank in the name of the native resident holder of foreign currency.

(2) A nonresident foreign currency holder may export or transfer abroad without a foreign exchange permit foreign currency, foreign instruments of payment, foreign securities and savings books in foreign currency, except in the case when he acquired them in this country at variance with the Czechoslovak legal norms.

(3) A nonresident foreign currency holder may export without a foreign exchange permit gold (Section 2, Paragraph 1 b) which he brought into the country and had its import verified by customs, and gold coins for which he also must provide proof that he bought them in this country from a person who had the right to sell them. The export of inherited gold coins is regulated by Section 31 Paragraph 3 and Section 31 Paragraph 4.

Section 28

A native resident holder of foreign currency who is residing abroad for the purpose of his work or employment, as well as his family members, may for the duration of that stay export abroad without a foreign currency permit foreign currency, foreign instruments of payment, savings books in foreign currency, and foreign securities which they imported home during their stay abroad. They are obliged to have these assets verified by customs at the time when they import them home.

Section 29

(1) To export foreign exchange assets to which provisions of Section 27 and 28 do not apply, a foreign exchange permit from the Czechoslovak State Bank is required.

(2) The implementing instructions may determine other instances when a foreign currency permit under Paragraph 1 is not required.

(3) The Czechoslovak State Bank may determine by a measure in the Law Gazette the maximum amount of foreign currency that can be exported abroad in cash.

Article 2
Export And Import of Czechoslovak Currency and Other Assets in Czechoslovak Currency

Section 30

(1) Export and import of valid Czechoslovak bills and coins, their transfer abroad and from abroad, instruments of payment made in Czechoslovak currency, as well as securities in Czechoslovak currency, are permitted only with a foreign exchange permit of the Czechoslovak State Bank.

(2) Without a foreign currency permit, it is possible to import assets listed in Paragraph 1, which were exported from this country in accord with this law.

(3) A native resident holder of foreign currency and a nonresident foreign currency holder may export without a foreign currency permit Czechoslovak currency in amounts stated in the implementing instructions.

(4) The implementing instructions may determine other instances when a foreign currency permit is not required to export and import assets listed in the previous paragraphs.

PART SIX

Transfers of Foreign Currency and Other Foreign Currency Assets

Article 1
Transfer of Inheritance Abroad

Section 31

(1) A nonresident foreign currency holder may transfer or export abroad without a foreign exchange permit, if conditions stated in Paragraph 2 have been satisfied:

a) Foreign exchange assets which he inherited.

b) Equivalent value in foreign currency of inherited financial assets in Czechoslovak currency.

c) Equivalent value in foreign currency of financial means acquired by sale of inherited real estate.

d) Equivalent value in foreign currency of financial means acquired by the sale of movable assets after the conclusion of inheritance proceedings.

(2) Transfer or export of foreign currency assets under Paragraph 1 can be carried out, provided that:

a) A certificate of probate was issued by the state notary public for the inheritance, that it was approved or settled and all fees pertaining to the inheritance have been paid, or,

b) The grant of probate was approved by the foreign probate agency, and,

c) The transfer is to be made to a country where such transfers are not subject to foreign exchange restrictions or are contingent on reciprocity.

(3) If conditions stated in Paragraphs 1 and 2 have been met, the nonresident foreign currency holder may also without permit:

a) Transfer abroad in foreign currency the interest and gains belonging to inherited deposits.

b) Transfer or export abroad inherited gold coins, if he has submitted a statement of a legal entity described in the implementing instructions that they are not historical coins.

(4) In instances to which the provisions of Paragraphs 1 to 3 do not apply, a foreign exchange permit issued by the Ministry of Finance of the republic on whose territory the probate proceedings took place is required.

Article 2
Transfers of Support Payments Abroad

Section 32

(1) A native resident holder of foreign currency-private individual may meet his obligation to send support payments to a nonresident foreign currency holder abroad without a foreign exchange permit, provided that he submits a confirmation of the agency stated in the implementing instructions to the effect that:

a) Legal obligation to pay support payments is continuing.

b) That it is being paid to a state or to a citizen of a state which is a contractual party to an international treaty on recovery and transfer of support payments, or in which foreign exchange restrictions on such transfers to this county do not apply, or in which the transfers are permitted on condition of reciprocity.

(2) The obligation under Paragraph 1 may be fulfilled in the amount determined by a court ruling or by a consent decree. The amount of the support payment which can be paid on the basis of an agreement between the parties and the manner of the payment are determined by the implementing instructions.

(3) In instances to which Paragraph 1 and 2 do not apply, the native resident holder of foreign currency may make support payments to a nonresident foreign currency holder abroad only on the basis of a foreign exchange permit. The implementing instructions may determine other instances in which this permit is not required.

Article 3
Other Transfers

Section 33

(1) A native resident holder of foreign currency may without a foreign currency permit:

a) Return payment made by a nonresident foreign currency holder to a native resident holder of foreign currency without a document of title.

b) Pay expenses connected with court or other legal proceedings abroad which were initiated against a native resident holder of foreign currency or by a native resident holder of foreign currency during the fulfillment of obligations in accord with this law, including expenses for legal representation.

c) Send payments abroad if he is obligated to make such payments in accord with an executory court ruling or an executory ruling of some other authorized Czechoslovak agency, or if the payment is required by a generally binding Czechoslovak legal norm.[8]

(2) Transfers, to which Paragraph 1 does not apply, may be made by a native resident holder of foreign currency only after having been issued a foreign currency permit. The implementing instructions may determine other instances in which this permit is not required.

PART SEVEN

Capital Interest Abroad

Section 34

(1) A native resident holder of foreign currency may have capital interest abroad only with a foreign exchange permit of the Czechoslovak State Bank, issued in agreement with the Federal Ministry of Finance and the Federal Ministry of Foreign Trade.

(2) Capital interest abroad is understood for the purposes of this law to be capital interest of a native resident holder of foreign currency in a legal entity which is a nonresident foreign currency holder, or capital interest of a native resident holder of foreign currency in entrepreneurial activity of a nonresident foreign currency holder, if this interest carries the right of the native resident holder of foreign currency to share in the profits and the losses.

(3) A native resident holder of foreign currency may transfer his capital interest abroad to a nonresident foreign currency holder only with a foreign exchange permit of the Czechoslovak State Bank, issued with the agreement of the Federal Ministry of Finance and the Federal Ministry of Foreign Trade.

(4) The implementing instructions of the Federal Ministry of Finance, the Czechoslovak State Bank, and the Federal Ministry of Foreign Trade may determine when the permit under Paragraphs 1 and 3 is not required and determine the requirements for such a permit. Foreign exchange permits under Paragraphs 1 and 3 replace foreign exchange permits under Section 14 and Section 23 Paragraph 3, or, as the case may be, Section 10 Paragraph 2 and Section 16 Paragraph 3.

PART EIGHT

Accounts of Nonresident Foreign Currency Holders

Section 35

(1) The foreign exchange bank is obliged to establish for a nonresident foreign currency holder at his request an interest-bearing account in Czechoslovak or an agreed-upon foreign currency (hereafter referred to as "foreign account"). This does not affect the procedure of the foreign exchange bank according to a special regulation.[8a]

(2) Also considered to be a foreign account are:

a) Savings accounts in a bank [8b] in case the owner of the account became a nonresident foreign currency holder or because a nonresident foreign currency holder inherited it.

b) Deposit card issued by a bank in case its owner is a nonresident foreign currency holder, or its owner became a nonresident foreign currency holder, or a nonresident foreign currency holder inherited it.

Section 36

(1) A nonresident foreign currency holder may use without restrictions financial means which he has on deposit in his foreign account in foreign currency for making payments abroad and in this country, except for trade (Section 7 Paragraph 3).

(2) A nonresident foreign currency holder may use without restrictions financial means which he has on deposit in his foreign account in Czechoslovak currency for making payments in this country.

(3) For making payments abroad from a foreign account carried in Czechoslovak currency a foreign exchange permit from the Czechoslovak State Bank is required. This permit is not required for the transfer of inheritance or support payments (Sections 31 and 32). The implementing instructions may determine other instances when the foreign exchange permit is not required.

PART NINE

Foreign Currency Control and Control of Import And Export of Assets

Article 1
Foreign Currency Control

(1) Foreign currency control is carried out within the framework of their range of activity by the Czechoslovak State Bank and other foreign exchange agencies.

(2) In performing foreign currency control, the foreign exchange agencies observe whether and how the obligations laid down in this law and its implementing instructions are being met.

(3) Persons, who have obligations under this law, are obliged to give the foreign exchange agency in connection with the foreign currency control the necessary cooperation, particularly to provide on request reports, information, and explanation pertaining to circumstances which have direct or indirect importance for judging a case with possible foreign currency ramifications, and present to that end the necessary documents, as well as enable the agencies that are carrying out the foreign currency control to look into accounting, registration, and other documents in such a way that bank secrecy is not broken.

Section 38

(1) If the foreign exchange agency finds that a person, who is being subjected to foreign currency control under Section 37, failed to meet his obligations laid down in this law, it will direct him to correct the discovered violation within an established deadline.

(2) The foreign exchange agency may impose on a native resident holder of foreign currency-legal entity which failed to meet obligations laid down in this law a fine of up to Kcs1 million. In doing so, the foreign exchange agency follows the rules on administrative procedure.[8b]

(3) The fine imposed under Paragraph 2 is payable within 30 days of the day the authorized decision of the foreign exchange agency on imposing the fine was delivered to the person stated in Paragraph 2. The fines are turned over to the state budget of the republic where the person on whom the fine was imposed resides or has his place of business.

(4) The foreign exchange agency may impose the fine under Paragraph 2 within one year of the day it found the failure to act according to this law, but at the latest within 10 years from the day on which the failure occurred.

Article 2
Control of Import And Export of Assets Regulated by This Law

Section 39

(1) The control over observance of the provisions of this law and its implementing instructions on the import and export of foreign currency assets (Sections 26 and 27), Czechoslovak currency, and other assets in Czechoslovak currency (Section 30) is performed by the customs agencies. They perform this control in accord with regulations on the protection of personal liberty and secrecy of correspondence.

(2) The customs officials have the right to require the declaration and presentation of the imported or exported foreign currency assets under this law. At the same time, they may require the persons, who are importing or exporting such assets, to present the necessary documents.

(3) If the import or export of foreign currency assets, Czechoslovak currency and other assets in Czechoslovak currency require a permit or are conditional on a certification or other document, the importing or exporting person is obliged to present these documents to the customs officials at the time the import or export is taking place.

Section 40

Mail being sent abroad containing foreign currency assets which require foreign exchange permit, Czechoslovak currency, and other assets in Czechoslovak currency, must be presented by the sender to the appropriate customs agency for control under this law before he mails them. After performing the control, the customs officials will place a customs seal on the leter or parcel.

Section 41

(1) The customs at the border crossings will take into safekeeping those assets for which a permit (Sections 27, 29, and 30) is required if the person travelling abroad does not have such a permit, and if at the time of crossing the border that person is unable to turn over those assets to a foreign exchange bank at the border crossing for safekeeping or return them home.

(2) The customs will also accept for safekeeping Czechoslovak currency which requires a foreign exchange permit in order to be exported, if the person travelling to this country does not have such permit.

(3) The custody under Paragraphs 1 and 2 is regulated by the civil code. But the right to have the subject of the safekeeping returned expires and such asset becomes the property of the state, if the person who placed the object in safekeeping does not request its return within one year of the day when the customs agency took the object into safekeeping.

Section 42

(1) In cases when according to special regulations[9] there is exemption from customs examination or a customs examination is not performed, the control under this law is not performed.

(2) The customs agencies are obliged to verify on request the importation of foreign currency assets whose export without a foreign exchange permit is allowed under Section 26 Paragraph 2, Section 27 Paragraph 3 and Section 28 on the condition that they were previously imported.

PART TEN

Foreign Currency Violations And Procedures on Foreign Currency Violations

Article 1
Foreign Currency Violations

Section 43

Foreign currency violations are committed by those who in contradiction to the provisions of this law:

a) Buy, sell, exchange, or otherwise trade with foreign currency assets (Section 7).

b) Send payments abroad or accept payments from abroad without the intermediary of a foreign exchange financial institution (Section 8).

c) Do not fulfill their disclosure obligation (Sections 9, 15).

d) Do not fulfill the obligation to transfer to this country the amount paid abroad to satisfy their claims or money in the accounts at a foreign financial institution (Sections 10, 16).

e) Do not fulfill the obligation to deposit or offer their foreign exchange assets (Sections 11, 17).

f) Assume a contractual obligation toward a nonresident foreign currency holder, buy real estate abroad, foreign securities, accept financial credit from a nonresident foreign currency holder (Sections 14, 23).

g) Transfer or surrender without consideration in behalf of a nonresident foreign currency holder claims against a nonresident foreign currency holder or real estate abroad (Section 24).

h) Acquire domestic real estate (Section 25).

i) Make transfers abroad (Section 33 Paragraph 2).

j) Have a capital interest in enterprises abroad or transfer their capital interest abroad to a nonresident foreign currency holder (Section 34).

k) Export foreign exchange assets (Sections 27, 29).

l) Import or export Czechoslovak currency and other assets in Czechoslovak currency (Section 30).

m) Do not declare or present assets in foreign currency to the foreign exchange agency at its request (Section 39, Paragraph 2).

n) Do not provide cooperation to the foreign exchange agency which performs foreign currency control (Section 37, Paragraph 3),

if a criminal offense is not at issue.

Article 2
Foreign Currency Violations Proceedings

Section 44

(1) Foreign currency violations under Section 43a) to j) are dealt with by the appropriate local administration agencies,[10] violations under Section 43k), l), m) by customs, and if in question is a foreign currency violation under Section 43n) by foreign exchange agencies. These agencies make determinations on foreign currency violations according to special regulations,[11] unless this law determines otherwise.

(2) A violation under Section 43a) is investigated by the police.[11a]

(3) The manner of a follow-up prosecution of foreign currency violations under Section 43a) is determined by an order of the Czech and Slovak Federal Republic Government.

Section 45

(1) Agencies mentioned in Section 44 Paragraph 1 will impose, with consideration of public endangerment:

a) Reprimand for foreign currency violations stated in Section 43.

b) Fine up to Kcs20,000 for foreign currency violations stated in Section 43b) to n).

c) Fine up to Kcs50,000 for foreign currency violation stated in Section 43a).

d) Forfeiture of articles stated in Section 43a), k), l), m).

(2) The fine of forfeiture may be imposed for a foreign currency violation by itself or together with another fine. This fine may be imposed only if the article in question belongs to the perpetrator, and if the article:

a) Was used or intended to be used to commit the violation or,

b) Was acquired through the violation or acquired for an article which was acquired by means of the violation.

(3) The fine of forfeiture cannot be imposed if the value of the article is is striking disproportion to the nature of the violation.

Section 46

(1) If a fine of forefeiture under Section 45 Paragraph 2 was not imposed, it may be decided to confiscate the article if:

a) It belongs to a perpetrator who cannot be prosecuted for the violation, or,

b) It does not belong to the perpetrator of the violation.

c) If the perpetrator of the violation is unknown.

(2) An article may not be confiscated if its value is in striking disproportion to the nature of the violation.

Article 3

Section 46a
Class Action Proceedings

In case of a foreign currency violation which was reliably proven, and if talking to the person who committed the violation is not effective, the agencies stated in Section 44 may with the consent of that person settle the matter in class action proceedings and impose a fine up to Kcs5,000.

PART ELEVEN

General, Temporary, and Closing Provisions

Section 47

The provisions of this law will be used only if something else is not determined by an international treaty which is binding on the Czech and Slovak Federal Republic and which was published in the Law Gazette.

Section 48

(1) For making decisions on issuing foreign exchange permits under this law apply the rules on administrative procedure,[12] with the exception mentioned in Paragraph 2.

(2) The decision of the foreign exchange agency is final and there can be no appeal against it.

Section 49

The implementing instructions to this law are issued within the framework of its individual provisions jointly by the Federal Ministry of Finance and the Czechoslovak State Bank following an agreement with the republican Ministries of Finance, unless these provisions determine otherwise.

Section 49a

(1) The Federal Ministry of Finance in agreement with the Czechoslovak State Bank and the Federal Ministry of Foreign Trade will establish in the implementing instructions the manner of settling claims arising from vouchers of the foreign trade enterprise Tuzex and the remainders of bills carried in them.

(2) Claims under Paragraph 1 can be submitted within one year from the day this law goes into force.

Section 49b

The Czechoslovak State Bank in agreement with the Federal Ministry of Finance will determine in a measure published in the Law Gazette the procedure to be followed by nonresident foreign currency holders-legal entities when they accept payment in foreign currency in cash in the area of operational registration and documentation.

Section 50

Foreign exchange permits granted to a native resident holder of foreign currency or a nonresident foreign currency holder under the present foreign exchange regulations are considered to be foreign exchange permits under this law, if they are still required according to its provisions.

Section 51

(1) Foreign currency accounts of native resident holders of foreign currency-private individuals established according to present regulations remain intact and after this law goes into force will be regulated by its provisions.

(2) Foreign currency accounts of native resident holders of foreign currency-legal entities (Section 5 Paragraphs 1 and 3) established according to present regulations remain intact, with the exception of foreign currency accounts established under Section 11 Paragraphs 3, until they are exhausted. For using the remainders on the foreign currency accounts apply provisions in Section 11 Paragraph 6. Establishment of foreign currency accounts of native resident holders of foreign currency-legal entities is regulated by conditions stated in that permit.

Section 52

(1) Extinguished are:

a) Foreign Currency Law No. 162/1989, in the wording of Law No. 109/1989, in the wording of Law No. 109/1990.

b) Provision in Section 24 Paragraph 1 of Law No. 404/1990, on mitigating consequences of some property wrongs.

c) Provision in Section 26 of Law No. 427/1990 on the transfer of state ownership of some things to other legal entities or private individuals.

d) Public notice of the Federal Ministry of Finance and the Czechoslovak State Bank No. 169/1989 by which the foreign currency law is implemented, in the wording of decree No. 234/1990.

Section 53

This law goes into force on 1 January 1991.

Article III of Law No. 228/1992

(1) Extinguished are:

1. Section 17 Paragraph 2e), Section 18 Paragraph 1, Section 19 Paragraph 1e), and Section 22j) of Law No. 42/1990, on foreign trade relations in the wording of later regulations.

2. Public notice of the Federal Ministry of Foreign Trade and the Federal Ministry of Finance No. 8/1981 on acceptance vouchers of the foreign trade enterprise Tuzex.

3. Public notice of the Federal Ministry of Finance No. 370/1990 on the right to sell goods and provide services on the territory of the Czech and Slovak Federal Republic for foreign currency.

4. Public notice of the Federal Ministry of Finance and the Czechoslovak State Bank No. 583/1990 by which the foreign currency law is implemented.

(2) Permits to sell goods and provide service for foreign currency on the territory of the Czech and Slovak Federal Republic issued according to Law No. 42/1980, in the wording of later regulations, become invalid on the day when Law No. 228/1992 goes into force.

Law No. 228/1992 went into force on 1 July 1992.

Footnotes

1. Section 6 of Law No. 21/1992 on banks.

2. Law No. 135/1992 on reporting and registering citizens' residences.

3. Law No. 116/1985 on conditions for activities of organizations with an international element in the Czechoslovak Socialist Republic in the wording of Law No. 157/1989.

3a. Section 2 Paragraph 2 of Law No. 513/1991, Commercial Code.

4. Law No. 308/1991 on freedom of religion and the standing of churches and religious societies.

5. Law No. 222/1946 on postal service (Postal Law).

6. Commercial Code.

6a. Law No. 119/1992 on travel compensation.

6b. Law No. 530/1990 on bonds.

6c. Section 37 of Law No. 21/1992 on banks.

6d. Law No. 40/1964, Civic Code, in the wording of later regulations (full version of No. 47/1992).

7. For example, Law No. 403/1964, on mitigating some property wrongs, in the wording of later regulations, Law No. 427/1990 on transfers of state ownership of some things to other legal entities or private individuals in the wording of later regulations, Law No. 91/1991 on conditions for transfer of state property to other persons in the wording of Law No. 92/1992.

8. For example, Law No. 119/1990 on judicial rehabilitation.

8a. Law No 21/1992 on banks.

8b. Law No. 71/1967 on administrative procedures (Administrative Code).

9. Tariff Law No. 44/1974 in the wording of later regulations.

10. Law of the Czech National Council No. 425/1990 on organization of local administrations.

Law of the Slovak National Council No. 472/1990 on organization of local administrations.

11. Law of the Czech National Council No. 200/1990 on violations.

Law of the Slovak National Council No. 372/1990 on violations.

11a. Law of the Slovak National Council No. 204/1991 on the Police Corps of the Slovak Republic.

Law of the Czech National Council No. 283 /1991 on the Police of the Czech Republic.

12. Law No. 71/1967 on administrative procedures (Administrative Code).

Implementing Instructions for Foreign Currency Law

93CH0102B Prague HOSPODARSKE NOVINY in Czech 28 Jul 92 p 18

[Text of "Implementing Instructions for Foreign Currency Law"]

[Text]

PUBLIC NOTICE No. 303/1992, Law Gazette of the Federal Ministry of Finance and the Czechoslovak State Bank of 1 June 1992, with implementing instructions for:

The Foreign Currency Law

The Federal Ministry of Finance and the Czechoslovak State Bank in agreement with the Ministry of Finance of the Czech Republic and the Ministry of Finance of the Slovak Republic sets down according to Section 49 of the Foreign Currency Law No. 528/1990 in the wording of Law No. 228/1992 (hereafter referred to only as "law"):

Disclosure Obligation (to Section 9 of the law)

Section 1

(1) A native resident holder of foreign currency-legal entity has the duty to meet the disclosure obligation under Section 9, Paragraph 1a), c), and d) within 20 days at the latest after the end of the month in which the event that is to be reported took place.

(2) A native resident holder of foreign currency-legal entity has the duty to meet the disclosure obligation under Section 9 Paragraph 1 b) within 60 days at the latest after acquiring real estate abroad. Statement on income and expenses connected with this real estate must be reported by the native resident holder of foreign currency-legal entity within 2 months after the end of the calendar year.

(3) The disclosure obligation does not apply to financial claims and financial obligations not exceeding 500,000 korunas [Kcs] at the time the financial claim or financial obligation arose.

Relief From Reporting Obligation (to Section 11 of the law)

Section 2

The disclosure obligation under Section 11 Paragraph 1 of the law does not apply to foreign currency assets which the native resident holder of foreign currency-legal entity acquired:

a) As a gift, inheritance, or bequest.

b) As interest on a foreign currency account in a foreign exchange bank.

Section 3

The offer obligation under Section 11 Paragraphs 1 and 2 of the Law does not apply to foreign currency assets which are to be paid to an native resident holder of foreign currency-private individual by an nonresident foreign currency holder through the intermediary of an native resident holder of foreign currency-legal entity.

Section 4
(to Section 13a Paragraphs 3 and 4 of the law)

The foreign exchange bank is obligated to sell foreign currency to ensure the defense and security of the state (Section 13a Paragraph 3a) of the Law) to the Federal Ministry of Defense, the Federal Ministry of Interior, and the Federal Security and Information Service.

Section 5

Relief From Obligation To Transfer
(To Section 10, 16, and 24 of the Law)

(1) A native resident holder of foreign currency-private individual may use abroad without a foreign exchange permit the amount paid abroad to satisfy his claims toward an nonresident foreign currency holder, the transfer of which to this country is not possible according to an international legal regulation.

(2) A native resident holder of foreign currency may use abroad without a foreign exchange permit the amount paid abroad to satisfy his claim against a nonresident foreign currency holder:

a) To pay foreign taxes and fees arising from this claim.

b) To pay provable expenses connected with the administration and maintenance of his real estate abroad, as well as to pay current interest and mortgage payments negotiated in accord with the law, as long as this amount is drawn from the yield recaived from that real estate.

c) To pay fees and expenses for foreign legal representation in connection with the application and recovery of this claim.

d) To defray deposit fees and expenses paid to a foreign subject for safekeeping and the administration of securities charged against their yield.

Section 6
(To Sections 17 and 19 of the law)

A native resident holder of foreign currency-private individual who is a member of an numismatic society or a analogous society registered under a special regulation[1] is not obligated to deposit in a foreign exchange account in an exchange bank (Section 17 Paragraph 1 of the law):

a) Valid coins of foreign countries up to the maximum of three pieces of the same kind, year, and provenance.

b) Valid bills and banknotes in the lowest nominal value issued, up to the maximum of two pieces of the same kind, year, and provenance,

even if they exceed the equivalent value of Czechoslovak currency mentioned in Section 17 of the law.

Section 7
Contractual Assumption of Financial Obligations and Their Satisfaction by a Native Resident Holder of Foreign Currency-Private Individual To Benefit Nonresident Foreign Currency Holders
(to Sections 20 and 23 of the Law)

(1) A native resident holder of foreign currency-private individual may contractually assume without a foreign exchange permit financial obligations toward a nonresident foreign currency holder and pay the amount needed to satisfy them into his foreign currency account or to a foreign country in excess of the framework of the case mentioned in Section 23 Paragraph 1 of the law, if the purpose is:

a) Membership dues in an international nongovernmental organization.

b) Unforeseen expenses connected with the transport or towing of damaged or wrecked motor vehicles from abroad to the Czechoslovak state border.

c) Expenses for urgent medical treatment abroad and a necessary transport of the patient home.

d) Expenses connected with the death of persons who died during a stay abroad, as well as with their funeral abroad, or with the transport of their remains home.

e) Fees and expenses abroad connected with implementation and enforcement of rights and entitlements.

f) Amounts to pay bail and fines imposed by appropriate foreign agencies.

g) Postal and customs fees paid to the postal administration of the country of destination for mail delivered without fees and duty.

h) Fees for registering discoveries, inventions, and industrial models abroad.

i) Subscription fees and registration fees to international congresses, symposia, exhibitions, shows, competitions, and other similar events abroad.

j) Compensation for coverage of purebred animals abroad.

k) Support payments to a nonresident foreign currency holder up to the amount of Kcs5,000 a year.

l) Expenses connected with the maintenance of graves abroad.

(2) A native resident holder of foreign currency must present documents to prove the amount of payments listed in Paragraph 1.

(3) A native resident holder of foreign currency-private individual is obliged to prove the amount of bail under f) with a verification by a Czechoslovak embassy or Federal Ministry of Foreign Affairs; the necessity and urgency of support under k) by the original documents or their notarized copies; the native resident holder of

foreign currency-private individual can substitute these documents with a declaration on his word of honor.

Section 8
Export of Foreign Currency Assets
(to Section 29 of the law)

(1) A native resident holder of foreign currency may export to a foreign county without a foreign exchange permit securities which he has acquired in accord with the law.

(2) A native resident holder of foreign currency-private individual may export without a foreign exchange permit assets not exceeding the equivalent value of Kcs2,000 sent by mail.

Export and Import of Czechoslovak Currency and Other Assets in Czechoslovak Currency
(to Section 30 of the law)

Section 9

(1) A native resident holder of foreign currency-private individual may as a tourist export to a foreign country financial means in Czechoslovak currency up to the amount of Kcs1,000.

(2) A native resident holder of foreign currency-private individual whose place of work is abroad, and a nonresident foreign currency holder-private individual whose place of work is in this country, may, when crossing the state borders for the purpose of working at his job on the territory of the other state, export without a foreign exchange permit Kcs300 per person at the most, with the condition that they will not use this money abroad and will bring them back to this country.

(3) A nonresident foreign currency holder as a tourist may import to this country and export from this country without a foreign exchange permit money in Czechoslovak currency up to Kcs100 in cash.

(4) A nonresident foreign currency holder as a tourist may import without a foreign exchange permit means in Czechoslovak currency in an amount over Kcs100 in cash, as long as he presents to the customs a certificate from the bank of his country that it sold him these means on the basis of a payments or other agreement[2] for travel to this country. A nonresident foreign currency holder may export these means in Czechoslovak currency back to his country up to the amount of the cash he brought in.

(5) A nonresident foreign currency holder as a tourist may import without a foreign exchange permit instruments of payment made in Czechoslovak currency in the amount which the bank of his country certified as having sold to him for the purpose of traveling to this country; a nonresident foreign currency holder may export back to the country of his residence or permanent residence the instruments of payment in Czechoslovak currency that he did not use in this country.

(6) A nonresident foreign currency holder working on a long-term basis in this country may when traveling abroad for the purpose of using his leave, family reasons, short business trip, etc., export without a foreign exchange permit, besides the amounts stated in Paragraphs 2 and 3, financial means in Czechoslovak currency up to the amount of Kcs1,000 in cash, under the condition that he will bring them back to this country. He is obliged to have these means verified by the customs.

(7) A native resident holder of foreign currency providing refreshments to native resident holders of foreign currency for Czechoslovak currency during transit abroad has the right to import financial means in Czechoslovak currency which he gained by these sales abroad.

(8) A nonresident foreign currency holder-private individual may export without a foreign exchange permit securities made in Czechoslovak currency which he owns according to a special regulation.[3]

Section 10

A native resident holder of foreign currency and a nonresident foreign currency holder may export to a foreign country without a foreign exchange permit, other than the amounts stated in Section 9 of this public notice:

a) At most five annual sets of valid Czechoslovak coins.

b) Czechoslovak valid commemorative coins in the amount of two of each denomination.

Section 11
(to Section 31, Paragraph 3b) of the law)

Statements that historic coins are not involved are issued by the National Museum in Prague, the Moravian Museum in Brno, the Slovak National Museum in Bratislava, the Czech Numismatic Society, and the Slovak Numismatic Society. Any one of these legal entities has the right to issue these statements.

Section 12
Extent and Manner of Fulfilling Support Obligation Abroad
(to Section 32 of the Law)

(1) A native resident holder of foreign currency-private individual may fulfill without a foreign exchange permit a legal obligation to provide support to a nonresident foreign currency holder, the amount of which was not determined by a ruling of an authorized court or a court-approved settlement, up to the equivalent value of Kcs2,000 per person per month. The calculation of the equivalent value of Kcs2,000 will be made according to the exchange rate prevailing on the day when the request to make the transfer abroad was delivered.

(2) Transfers of support money abroad are made by foreign exchange banks on the basis of an application by the native resident holder of foreign currency requesting the transfer. The native resident holder of foreign currency is obliged to attach to the application at least once

in a calendar year a certification by the Center for the International Legal Protection of Children (hereafter referred to only as "Center") that the legal support obligation to a nonresident foreign currency holder is still in effect and that the conditions stated in Section 32 Paragraph 1b) of the law have been met. The Center will also confirm the amount of the support determined by the ruling of an authorized court or by a court settlement.

Section 13
(to Section 33 of the law)

A foreign exchange permit is not required to pay provable expenses connected with the administration and maintenance of foreign real estate of native resident holders of foreign currency, or to pay current interest and mortgage payments arranged in accord with the law, as long as the payment can be made from the income received from that real estate.

Section 14

This public notice goes into force on 1 June 1992.

Footnotes

1. Law No. 83/1990 on associating by citizens.

2. Section 45 of Law No. 22/1992 on the Czechoslovak State Bank.

3. Law No. 119/1990 on judicial rehabilitation.

Decree of the Czech and Slovak Federal Republic Government No. 532/1990, on issuing state bonds to defray claims of approved compensation under Law No. 119/1990 on judicial rehabilitation.

Law Compels Communists To Account for Property

93CH0414B Budapest MAGYAR KOZLONY in Hungarian No 12, 4 Feb 93 pp 490-491

[Law No. 4 of 1993 concerning measures related to holding social organizations accountable for their property linked to the previous system, adopted by the National Assembly at its 26 January 1993 session]

[Text] Pursuant to Paragraphs 7 and 8 of Law No. 73 of 1990 (hereinafter: Law) concerning the accountability of certain social organizations linked to the previous system for their property, and in due regard to a report filed by the State Accounting Office [ASZ] pursuant to Paragraph 6 Sections (2) and (6) of the Law, the National Assembly creates the following law:

Paragraph 1

In due regard to Paragraph 8 Section (2) of the Law, the National Assembly accepts the property accounting provided by social organizations pursuant to Paragraph 6 Sections (2), (5), and (6) of the Law, as shown in *Appendix 1.*

Paragraph 2

The National Assembly determines that social organizations included in *Appendix 2* of this law did not provide an acceptable accounting for their property.

Paragraph 3

(1) Pursuant to Paragraph 8 Section (1) of the Law, the National Assembly prohibits the sale and encumbrance of the property of social organizations listed in Paragraph 2, beginning on the effective date of this law, or until the National Assembly provides otherwise, but in no event until later than 31 December 1993.

(2) Regarding social organizations listed under Section (1), the National Assembly also orders the enforcement of sanctions provided under Paragraph 6 Section (7) of the Law.

Paragraph 4

Based on the National Assembly's decision, the government shall, by 30 September 1993:

—initiate further sanctions beyond the sanctions provided in Paragraph 3 of this law, and in due regard to the provisions of Law No. 2 of 1989, to be applied against social organization whose property accounting was unacceptable, or whose property accounting could not be verified, or against social organizations that have failed to account for their property due to the termination of the social organization, and shall report to the National Assembly the action taken. In doing so, the government shall

—make recommendations concerning the management and utilization of the property of social organizations, and concerning legislation needed as a result of deleting social organizations from the records.

Paragraph 5

Any real or movable property subject to property accounting which has become known after social organizations required to account for their property submitted their property accounting, shall be transferred under the management of the Treasury Property Management Organization.

Paragraph 6

This law shall take effect on the date of its proclamation.

[Signed] Arpad Goncz, President of the Republic;

Gyorgy Szabad, President of the National Assembly.

Appendix 1 to Law No. 4 of 1993

Property accounting reports accepted pursuant to Paragraph 1 of this law.

(A) Property accounting reports accepted on the basis of Paragraph 6 Section (2) of the Law

1. Association of Hungarian Resisters and Anti-Fascists, Budapest
2. Association of Social Organizations (as the legal successor to the Patriotic People's Front), Budapest
3. National Association of Hungarian Women, Budapest

The following member organizations of the Democratic Youth Association [DEMISZ]:

4. Baja DEMISZ, Baja
5. Association of Left-Wing Youth, Gyor
6. Downtown Youth Organization, Budapest
7. DEMISZ Dunaujvaros Association, Dunaujvaros
8. DEMISZ City of Szolnok Member Organization, Szolnok
9. Dorog and Vicinity Youth Association, Dorog
10. Association of Young Intellectuals, Budapest
11. Felegyhaza Democratic Youth Association, Kiskunfelegyhaza
12. Gyor Youth Association, Gyor
13. Halas Regional Youth Association, Kiskunhalas
14. Youth Union, Budapest
15. Hungarian Workers Youth Association, Budapest
16. Lower Matra Youth Organization, Gyongyos
17. Nyiregyhaza DEMISZ, Nyiregyhaza
18. Papa and Vicinity DEMISZ, Papa
19. Sopron DEMISZ, Sopron
20. Vas Student Association, Szombathely
21. Railroad Workers Youth Association, Zahony

(B) Property accounting reports completed and accepted as a result of supplemental accounting reports (Paragraph 6 Section (6) of the Law)

1. National Peace Council, Budapest
2. Hungarian-Soviet Friendship Society, Budapest

(C) Property accounting reports completed and accepted on the basis of statements of inability to provide supplemental property accounting reports (Paragraph 6 Section (5) of the Law)

1. Hungarian National Defense Association (the Treasury Property Management Organization has accounted for the property on its behalf), Budapest
2. Hungarian Socialist Party (as the legal successor to the Hungarian Socialist Workers Party), Budapest
3. Hungarian Pathfinders Association, Budapest
4. DEMISZ Business Office (as the legal successor to the Central Committee of KISZ [Communist Youth Organization], Budapest

as well as the following member organizations of DEMISZ:

5. Left-Wing Youth Union, Budapest
6. Decentrum Hajdu-Bihar County, Debrecen
7. DEMISZ Bekes County member organization, Bekescsaba
8. Union of Democratic Youth Organizations, Szeged
9. Student-Teacher Association Along the Danube, Dunaujvaros
10. Northern Hungary DEMISZ, Miskolc
11. Association of Fejer County Youth, Szekesfehervar
12. Federation of Heves County Youth Organizations, Eger
13. Kecskemet DEMISZ, Kecskemet
14. Komarom-Esztergom County DEMISZ, Tatabanya
15. Nograd County DEMISZ, Salgotarjan
16. Pest County DEMISZ, Budapest
17. Somogy County DEMISZ, Kaposvar
18. Szeged Student-Teacher Association, Szeged
19. Association of Szeged Youth, Szeged
20. Regional Democratic Youth Organizations of Kiskunmajsa, Kiskunmajsa
21. Vas Youth Organization, Szombathely
22. Veszprem County DEMISZ, Veszprem
23. Zala DEMISZ, Zalaegerszeg

**Appendix 2
to Law No. 4 of 1993**

Property accounting reports not acceptable pursuant to Paragraph 2 of the Law.

(A) Property accounting reports that could not be verified and were unacceptable

1. DEMISZ, Budapest, and the following member organizations of DEMISZ
2. Baranya County DEMISZ, Pecs
3. Baranya County Student Association, Pecs
4. Bacs-Kiskun County Democratic Youth Union, Kecskemet
5. Association of Buda Castle Youth, Budapest
6. Szabolcs Federation of Youth Organizations, Nyiregyhaza
7. Federation of Szolnok County Socialist Youth Organizations, Szolnok
8. Federation of Tolna County Youth Organizations, Szekszard

(B) (Discontinued) social organizations which did not file a property accounting report

The following member organizations of DEMISZ:

1. DEMISZ Student-Workers Union in the German Democratic Republic, Berlin
2. Organization of Hungarian Youth Operating in the Soviet Union, Moscow
3. Young Sportsmen's Association of Szeged, Szeged

Security Policy Proposal Adopted

93CH0534A Budapest MAGYAR KOZLONY in Hungarian No 29, 12 Mar 93 pp 1,565-1,567

[National Assembly Resolution No. 11 of 12 March 1993; The basic security policy principles of the Hungarian Republic—adopted by the National Assembly at its 2 March session]

[Text]

The National Assembly

(1) adopts the enclosed proposal entitled "The Basic Principles of the Security Policy of the Hungarian Republic";

(2) authorizes the government to consistently represent the principles contained in the proposal, and to maintain and strengthen Hungary's security by fully implementing the designated tasks;

(3) requests the government to report to the National Assembly at least once a year concerning the implementation of security policy tasks. This resolution takes effect on the day of its proclamation.

[Signed] Gyorgy Szabad, President of the National Assembly;
Peter Juhasz, Bela Glattfelder, reporters of the National Assembly

**The Basic Security Policy Principles
of the Hungarian Republic**

(1) The security policy of the Hungarian Republic has as its purpose to guarantee

—the independent, sovereign statehood of the Hungarian Republic and the protection of its territorial integrity;

—the internal stability of the Hungarian Republic, including the undisturbed functioning of democratic institutions and the market economy; the full enforcement of political, civil, and human rights—including religious, ethnic, national, and other minority rights; the safety of the lives and properties, and the social security of persons residing within the territory of the Hungarian Republic;

—the international economic, political, cultural, and other relations of the Hungarian Republic, and the conditions for organizing cooperative endeavors;

—the maintenance of international peace and the strengthening of European stability.

(2) Hungarian security policy uses the indivisible character of security as its starting point. No state or institution in Europe today is capable of guaranteeing security by itself, or to the detriment of others. Risks arising from the uncertain, transitional situation of Central and East Europe can be appropriately managed by an institutional system that conveys the complex economic, political, military, human rights, environmental, and other dimensions of security, and through the cooperation of all affected states.

Hungary's security policy is based on the idea that security cannot be strengthened by opposition, isolation, or rivalry to the detriment of another state; is is possible to guarantee security only as a result of cooperation with our neighbors, the countries in our region, as well as with other European states. As part of this view, the Hungarian Republic has no established enemy image. We regard all factors in international politics which abide by the basic principles of international law as our partners in strengthening our security.

The Hungarian Republic pursues its security policy consistent with the basic principles and obligations contained in international law, as spelled out in the Charter of the United Nations Organization (UN), and in the documents of the Conference on European Security and Cooperation (CSCE) and the Council of Europe, and by respecting obligations agreed to in other international documents and bilateral agreements.

(3) Hungary's security is affected primarily by the manner in which the situation in Europe evolves, and by changes in our region (and primarily in the neighboring countries). In this context, most threats stem from the economic backwardness of our region, the difficulties of changing to a market economy, problems that remained unresolved for centuries, the psychological heritage of dictatorships, the developmental problems of newly established democratic societies, the primitive state of relationships between the countries in the region, conflicts between nations, the unsettled situation of national, ethnic, and religious minorities, and from political and social instability that is closely related to all of the above. In conjunction with these sources of danger, and within the complex factors of Hungarian security, the classic elements—political, economic, military, environmental, humanitarian and human rights considerations—were supplemented by certain new elements, such as international organized crime, immigration, and refugee problems. These also impact directly upon the internal security of the country. We must protect our fundamental security interests in these fields primarily with the involvement of the appropriate international organizations, but in certain cases, unilateral measures of a temporary character—consistent with the provisions of international law—could also become necessary.

(4) The military factors of security have decreased in significance due to the end to military opposition between the great powers. Parallelling this, with the strengthening of the economic, social, human rights, and other dimensions, the evolving Political Union of EC countries, and the common foreign and security policies evolving within that, and prospectively, a common defense policy, are becoming the definitive factors on our continent from a security policy standpoint. Acquiring full membership in the EC will fundamentally guarantee the security of the Hungarian Republic. From a security policy standpoint, the next step in the integration process must be the consistent implementation of the agreement on association, and becoming part of political and defense cooperation at the earliest possible date. Hungarian security policy is based on the consideration that the EC, NATO, CSCE, the West European Union, the North Atlantic Council on Cooperation, and the Council of Europe continue to play an active role in strengthening the economic and political stability in the region, in supporting reform efforts aiming for the establishment of democratic conditions and a market economy, in reforming the defense sphere, in developing effective crisis and conflict management mechanisms, in reconstructing the international system of relationships in the region, and in adapting to the new European security structure.

In due regard to these considerations, it is the fundamental goal of our security policy to continue the approach to the West European integrations in order to become fully integrated at a later date, a condition that would guarantee the country's security in the longer term. In our present situation we do not yet meet all the internal and external conditions necessary for full integration. Based on the already realized levels of relationships and institutions we are initiating a specific foreign and security policy, and a military cooperation which gradually leads to the establishment of conditions for full NATO and West European Union membership. At the same time we also find as essential to endeavor achieving balanced relations with the individual institutions and organizations.

We have an interest in achieving that the democratic development of every state in our region leads to their integration with the Euro-Atlantic security community. In due regard to these considerations, we are also developing good neighbor relations with countries in our region which embarked on the path of democracy.

(5) It is the fundamental task of our security policy to support institutions suitable to manage crises and conflicts, and to enhance their work. The UN Charter provides an appropriate framework to guarantee international security, and therefore Hungary intends, and is

prepared to contribute conditions to increase its conflict resolution role within the UN, in cooperation with other European institutions.

The CSCE is unique among European security organizations, because it has a comprehensive character from every standpoint: It encompasses every state on our continent and in North America, and its activities extend to all military and nonmilitary aspects of security. Together with the Council of Europe, the CSCE offers an important framework for our security policy endeavors insofar as establishing, accepting and giving effect to human rights are concerned.

(6) Endeavors to take advantage of opportunities offered by regional cooperation plays an important role in the security policy of the Hungarian Republic. We regard as one of the most promising elements in the development of this region the recognized need for regional cooperation among states which regained their independence, and relations between these states and with their neighboring Western states. At the same time we must recognize that the political plan underlying any local regional cooperation is acceptable only to a point and in a manner, as long as, and insofar as such plan contributes to our joining the pan-European unification process.

(7) Strengthening economic cooperation, and cooperation in the fields of human and minority rights among countries has special importance from the standpoint of developing stable, cooperative relations with the neighboring states. Appropriate foundations for such cooperation could be provided by new basic agreements, whose positive effects could further be strengthened by international agreements concerning conventional weapons disarmament and the strengthening of confidence, and by bilateral agreements regulating bilateral military relations and encouraging trust. In this context we endeavor to strengthen subregional and border cooperation with all neighboring states, in order to increase understanding among peoples and to thereby strengthen our security.

(8) Policies based on the denial of national minority rights—intolerant nationalism—appear as significant destabilizing factors in our region. The problem related to national minorities must be resolved based on internationally accepted standards and principles that have a mandatory effect from the standpoint of law, through active international cooperation. In this conjunction it is essential not to regard the problems of national and ethnic minorities as the exclusive internal affairs of a given country, and not even as a problem of regional character, but as a security and human rights issue affecting the security of the entire CSCE region, as that was declared in the 1992 document promulgated by the CSCE. Consistent with this understanding, we intend to contribute to the settlement of the situation of national minorities based on the present and evolving standards of the CSCE and the Council of Europe, finding lasting solutions that provide guarantees to all concerned parties, which enable the prevention and resolution of conflicts.

Our conduct must reflect the principle that we regard the securing of rights for Hungarian minority groups as a fundamental requirement for the desired good neighbor relations with neighboring countries. In resolving this issue we reject the idea of changing existing borders by force, or artificially changing the ethnic composition of the populace in any way, not only in the Carpathian basin, but also in the entire Central-East European region.

(9) The processes and control procedures contained in the Conventional Forces in Europe (CFE) Agreement, the Confidence and Security Building Measures (CSBM)—a Vienna Document of 1992, and in the Open Skies Agreement resulted in an unprecedented openness and transparency in Europe, and within that in our direct security zone, in the field of military capabilities and conduct. With our active participation in these agreements, and by developing obligations applicable to every country in the region, we want to be in a position to continuously provide indications to the neighboring and other states of the peaceful intentions of the Hungarian Republic, as well as to be convinced of their similar intentions.

(10) From among the complex factors of security, the significance of the military factors has been significantly reduced, but in the longer term, our foreign and security policies cannot abandon the concept of having, and, as a last resort, of effectively deploying armed forces that provide reliable defenses.

The sovereignty, independence, and territorial integrity of the Hungarian Republic must be guaranteed primarily through political means. Consistent with this, the principles of national defense, the armament and the training of the armed forces must be transformed—subject to the country's ability to bear such burden—consistent with the requirements of this day and age, responsive to the needs, requirements, and conditions of a democratic society, and based on internal conditions which respect fundamental human rights and restrict those only on the basis of peculiar features inherent in armed services. As declared in the basic principles of national defense, the purpose of armed forces activities is the defense of the country's territorial integrity and its populace. To provide for this, there is a need to have armed forces of a size and quality, which constitute an effective deterrent to an aggressor of comparable force—while strictly abiding by obligations contained in international agreements not to use weapons of mass destruction—and which threaten a hypothetical enemy of a significantly larger size with losses in materiel, lives, and time that are disproportionate to the strategic gain expected to be made by such enemy. In developing the armed forces we must recognize already at this point in time that such development must be responsive to the requirements of modern Western military cooperation, and that it be appropriate for participation in international peacekeeping and peacemaking efforts.

Consistent with the country's foreign and domestic policy interests, the armed forces must provide for the country's defenses in a modern and professional manner, under constitutional supervision, leadership, and direction.

1993 Budget Law: Summary Balance Sheet

93CH0309D Budapest MAGYAR KOZLONY in Hungarian No 133, 28 Dec 92 pp 4729-4808

[Law No. 80 of 1992 on the 1993 Budget of the Hungarian Republic, adopted by the National Assembly at its 17 December 1992 session]

[Excerpt] [Passage omitted]

Appendix 9 to Law No. 80 of 1992
The Balance Sheet of the Central Budget
(in millions of forints)

Revennes	1993 Projected
PAYMENTS BY BUSINESS ORGANIZATIONS	
Corporate taxes (not including financial institutions)	54,000
Payments based on special situations	25,000
Customs duties and import related payments	82,000
State's share paid in after state property	6,600
Gambling tax	5,500
Other payments	15,600
Total	188,700
CONSUMPTION RELATED TAXES	
General [value-added] sales tax	259,000
Consumption tax	170,000
Total	429,000
PAYMENTS BY INDIVIDUALS	
Personal income taxes	189,500
Tax payments	8,900
Dues payments	8,500
Total	206,900
PAYMENTS RECEIVED FROM BUDGETED ORGANS	2,000
PAYMENTS BY LOCAL GOVERNMENTS	500
RECEIPTS BASED ON INTERNATIONAL FINANCIAL RELATIONS	22,200
CORPORATE TAXES AND DIVIDENDS PAID BY FINANCIAL INSTITUTIONS	25,000
OTHER REVENUES	5,000
REVENUES RELATED TO DEBT SERVICE	80,750
TOTAL REVENUES	960,050
TOTAL REVENUES	960,050
TOTAL EXPENDITURES	1,145,417
BALANCE	- 185,367

Appendix 9 to Law No. 80 of 1992
The Balance Sheet of the Central Budget
(in millions of forints) (Continued)

Revenues	1993 Projected
Revenues collected by organs funded by the central budget	130,412
Revenues pursuant to Appendix 2 of the Law	1,090,462
BALANCE	- 185,367

Expenditures	1993 Projected
SUPPORT PAYMENTS TO BUSINESS ORGANIZATIONS	
Production price supports and grants	16,500
Reorganization program	3,000
Other subsidies	1,500
Jointly	21,000
Agricultural, food industry export subsidies	26,000
Agricultural market subsidies	9,000
Jointly	35,000
Total	56,000
CONSUMER PRICE SUPPLEMENTS	20,400
ACCUMULATION EXPENDITURES	
Central investments supported by the budget	26,350
Jamburg Natural Gas Pipeline Construction Fund	2,500
Support for self-financed housing construction	26,560
Total	55,410
GUARANTEES AND CONTRIBUTIONS TO SOCIAL SECURITY	8,800
SERVICES PROVIDED WITH THE INVOLVEMENT OF SOCIAL SECURITY	
Family supplement, maternity support	106,490
Other payments and reimbursements	13,450
Total	119,940
TO SUPPORT ORGANS FUNDED BY THE CENTRAL BUDGET	
Ministries and national organs	140,875
Defense and other armed bodies	127,627
Support for self-inspired social organizing efforts	2,330
Wage policy fund	10,480
Total	281,312
LOCAL GOVERNMENT SUPPORT	262,228
TO SUPPORT SEGREGATED STATE FUNDS	75,990
EXPENDITURES INCURRED RELATIVE TO INTERNATIONAL FINANCIAL RELATIONS	29,440
DEBT SERVICE, INTEREST PAYMENTS	203,597
Of this:	
—debt payments	23,825
—expenditures related to housing	33,660

**Appendix 9 to Law No. 80 of 1992
The Balance Sheet of the Central Budget
(in millions of forints) (Continued)**

Revenues	1993 Projected
OTHER EXPENDITURES	2,500
GENERAL RESERVES	13,500
EXTRAORDINARY GOVERNMENT EXPENDITURES	7,300
GUARANTEES PROVIDED	9,000
TOTAL EXPENDITURES	1,145,417
Expenditures covered by organs funded by the central budget from their own revenues	130,412
Expenditures pursuant to Appendix 1 of the Law	1,275,829

1993 Budget Law: Use of Privatization Revenues

93CH0323A Budapest MAGYAR KOZLONY in Hungarian 28 Dec 92 pp 4729-4808

[Law No. 80 of 1992 on the 1993 budget of the Hungarian Republic adopted by the National Assembly at its 17 December 1992 session]

[Excerpt] [Passage omitted]

Chapter Two

Provisions Related to the Determination, Fulfillment, and Utilization of Certain Funds in the Central Budget and the State Household

[Passage omitted]

Provisions related to assets owned by the state and investments made by the government

Paragraph 6

1. The State Property Agency [AVU] shall pay 5.15 billion forints to the state budget from revenues derived from assets temporarily owned by the state.

2. Return on state property payable in 1993 on stock representing the state's share of ownership in commercial banks and in other financial institutions, and further, on stock representing the state's ownership as well as on stock managed by the State Property Management Corporation (hereinafter: AVRt) and the AVU shall constitute central budget revenues.

3. Revenues amounting to 14.35 billion forints derived from the privatization of state property over and above the amounts specified in Sections (1) and (2), to cover direct and indirect expenditures related to the functioning of AVU and the privatization of state property, as well as expenditures related to sureties, warranties, and guarantees shall be paid to the state budget. Of this amount 1.35 billion forints shall be allocated to cover operating expenditures, 7 billion forints to cover direct and indirect expenditures related to privatization, and 6 billion forints to cover expenditures related to sureties, warranties, and guarantees.

4. The AVU shall deposit moneys accumulated as a separate fund to pay for sureties, warranties, and guarantees related to the privatization of state property to an interest-bearing account managed by the Hungarian National Bank [MNB].

5. From the 1993 privatization revenues the AVU shall directly transfer 12 billion forints to replenish the Employment Fund, 6 billion forints to replenish the Regional Development Fund, and 4 billion forints to replenish the Agricultural Conversion and Reconstruction Fund. If, in the course of the year, the amount of privatization revenues is insufficient to cover these expenditures, these funds may be replenished temporarily by advancing funds from the state's operating fund. Such advances shall be repaid on a priority basis from privatization revenues.

6. The AVRt shall pay 14 billion forints in dividends to the central budget from the after-tax profits earned in 1992 by business organizations remaining under long term, full or partial state ownership and managed by the AVRt.

7. From revenues derived as a result of privatizing state property, the AVRt shall pay 20 billion forints to the state budget to partly cover the repayment of the state's indebtedness on the capital.

8. Revenues derived from the privatization of business organizations enumerated in Appendix 2 of Government Decree No. 126 of 28 August 1992, and remaining under long term, partial or full state ownership, shall be paid to the central budget by the minister having jurisdiction over the activity pursued by such organizations.

Paragraph 7

1. Revenues derived from the sale, or temporary or long-term use of state property managed by the Treasury Property Management Organization shall constitute central budget revenues, unless otherwise provided by law.

2. The revenues of the Treasury Property Management Organization derived from the sale of the property share owned by the state shall be used to directly defray the state's indebtedness to the same extent as Small Business Loans [E-Loans] and favorable installment payment terms were used to pay for the value of such property.

Paragraph 8

1. Twenty percent of the (gross) revenues derived from the utilization of real property released upon the withdrawal of Soviet troops and managed by the Treasury Property Management Organization shall be set up as a reserve fund. After settling the accounts related to the withdrawal of troops as specified in the relevant interstate agreement, the amount of reserve funds shall be

divided and paid to the central budget and to local governments pursuant to the provisions of Sections (2) and (3).

2. When real property is employed profitably on a temporary basis, one-third of the revenues reduced by the amount of expenditures (net revenues) shall be paid to the local government having jurisdiction, and two-thirds shall be paid to the central budget. In cases involving real property located in Budapest, the local government share of revenues shall be split; half of the local government share of revenues shall be paid to the City of Budapest, and the other half to the district government having jurisdiction where the property is located.

3. When real property becomes profitably employed on a final basis, the resultant revenues reduced by the debt burden and the amount of expenditures (net revenues) shall be disbursed as follows: Half the amount of net revenues shall be paid to the local government having jurisdiction, and the other half to the central budget. In cases involving real property located in Budapest, the local government share of revenues shall be split; half of the local government share of revenues shall be paid to the City of Budapest, and the other half to the district government having jurisdiction where the property is located.

4. The term "expenditures" referred to in Sections (2) and (3) shall mean expenditures incurred in conjunction with the guarding, protection, and maintenance of the property, amounts paid for indemnification purposes, investments that increased the value of property, and expenses incurred in conjunction with the sale of property.

5. The reserves to be accumulated pursuant to Section (1) shall be maintained in a segregated account by the Treasury Property Management Organization, and may be invested in short term securities guaranteed by the state until the final settlement of the account. Interest earned shall be used to increase the amount of reserves.

Paragraph 9

An organ funded by the central budget, or the manager of the segregated state fund may accept for its own purposes, and for the purposes of the fund, respectively, movable and real property offered, provided that the organ or the manager of the fund is able to perform on obligations incurred as a result of operating such property. Such acceptance may be made under the organ's or the fund manager's own authority if the value of property offered does not exceed 10 million forints, or with the permission of head of the organ responsible for the administration of the budget chapter in which the recipient organ is listed if the value of property offered does not exceed 50 million forints, or with the permission of the finance minister if the value of property offered exceeds 50 million forints.

Paragraph 10

1. Unless otherwise provided by law, if real property used or managed by an organ funded by the central budget becomes superfluous, the organ may sell or lease the property based on an official appraisal of each individual piece of property:

a) Under its own authority if the selling price does not exceed 20 million forints or if the annual fee on a lease not exceeding a three-year term, does not exceed 5 million forints;

b) With the permission of the head of the organ responsible for the budget chapter which funds the organ, if the selling price does not exceed 100 million forints, or if the annual fee on a lease not exceeding a three year term, does not exceed 20 million forints, or, in case of a lease exceeding a three year term, the annual fee does not exceed 5 million forints;

c) With the permission of the finance minister on a lease whose term does not exceed three years but the annual leasing fee exceeds 20 million forints, or, if the term of the lease exceeds three years and the annual leasing fee exceeds 5 million forints;

d) With the permission of the government, if the selling price produces more than 100 million forints in revenues.

If the property qualifies as a historical landmark, the opinion of the authority responsible for protecting historic landmarks shall also be sought.

2. Public, competitive bids shall be sought if the value of the sale exceeds 10 million forints, or if the annual value of the lease exceeds 5 million forints.

3. Revenues derived from the sale of state real property managed or used by an organ funded by the central budget shall first be expended to pay off funds owed to the central budget and to the social security funds. Unless otherwise provided by law, at least 50 percent of the remaining amount shall be paid to the central budget. The grantor of the permit shall determine rules for, and the specific amount of payment to be made to the state budget.

4. After making the payment required under Section (3), in cases described in Section (1) Subsections (a)-(c) the remainder of the revenues may be used by the organs funded by the central budget for construction investments, the purchase of real property, real property renewal and reconstruction.

5. The grantor of the permit shall determine the utilization of revenues in cases defined in Section (1) Subsection (d).

6. Machinery, equipment, and vehicles used or managed by the organ funded by central budget that become superfluous may be sold under the organ's own authority if the individual book value of such property does not

exceed 2 million forints, or by the head of the organ responsible for the chapter which funds the organ, in the course of public tender bidding, if the book value of such property exceeds 2 million forints.

Paragraph 11

1. In planning and implementing government investments involving construction or construction renewals, and in the acquisition of material goods exceeding 10 million forints or 2 million forints respectively, the investor shall award the investment project to an enterprise based on competitive bidding.

2. The obligation to call for competitive bids as specified in Section (1) shall not apply to the investments, renewals, and acquisitions classified as secret of the Hungarian Honved Forces, the Security Services, the Republican Guard Regiment, the Police, the Border Guards, the Civil Defense, the Penal Enforcement functions of the Ministry of Justice, and the Customs and Monetary Guards of the Finance Ministry. [passage omitted]

National Assembly on Statute of Limitations

93CH0473A Budapest MAGYAR KOZLONY in Hungarian No 22, 27 Feb 93 pp 1090-1091

[National Assembly Statement of Principle No. 1 of 27 February 1993 Interpreting the Lapse of Culpability, adopted by the National Assembly at its 16 February 1993 session]

[Text] Under authority specified in Paragraph 54 of Law No. 11 of 1987, and in due regard to Constitutional Court Decision No. 2086/A/1991/14, the National Assembly hereby interprets rules applicable to the lapse of culpability, as contained in Paragraph 33 Subsection (b) of Law No. 4 of 1979 (Criminal Code of Laws), and to the statute of limitations rules contained in Paragraphs 33-35 of the same law.

Equality before the law plays a pivotal role in appropriately interpreting statute of limitation rules. The Hungarian State has recognized this concept during the period beginning on 21 December 1944 and ending on 23 October 1989, and has expressed this concept several times as part of legal provisions.

Article 3 of Law No. 17 of 1947, which ratified the Paris Peace Treaty dated 10 February 1947, says the following: "1. Hungary shall take all necessary action to ensure to all persons under Hungarian jurisdiction the enjoyment of human and fundamental civil rights, regardless of race, gender, language, or religion, including the free expression of views, and the freedom of the press and to publish, of religious practice, the expression of political views and public assembly.

"2. Further, Hungary commits itself that legal provisions taking effect in Hungary are not going to cause either by virtue of their contents, or in the course of their enforcement, any discrimination against Hungarian citizens based on their race, gender, language, or religion, nor will they make any distinction regarding the person, the property, business activity, occupational or financial interests, personal situation, political or civil rights, or in any other respect between the affected parties."

Similarly, Law No. 20 of 1949, the Constitution of the Hungarian People's Republic, stated that "the Hungarian People's Republic respects human rights" (Paragraph 54 Section (1)), and that "the citizens of the Hungarian Republic are equal, and enjoy equal rights under law."

The equal rights of citizens are similarly stated in the Constitution of the Hungarian Republic (Law No. 31 of 1989 amending the Constitution): Chapter 12 states that "Everyone is equal before the courts of the Hungarian Republic."

Based on the principle of equality under law, laws in force during the period beginning on 21 December 1944 and ending on 23 October 1989 made the persecution of crime a nondiscretionary function of the authorities.

Paragraph 87 of Law No. 33 of 1896 (Criminal Procedure) prescribes that "All authorities and members of authorities shall have the official duty to file complaints with the Royal Hungarian Prosecutor's Office concerning any criminal act—other than criminal acts subject to persecution upon private complaints—they become aware of in the course of their official duty, and shall convey data, and transfer evidence in their possession to the Prosecutor's Office. Pursuant to Paragraph 93" the Royal Prosecutor's Office shall investigate criminal acts it becomes aware of—other than criminal acts subject to persecution upon private complaints—and shall take action to find unidentified offenders [quotation marks as published].

Paragraph 87 Section (4) of the amended Law No. 3 of 1952 (Criminal Procedure) prescribes that "Every authority and every member of the authorities shall be obligated to file complaints about criminal acts they become aware of in the course of their official duty, and shall name the offender."

According to Paragraph 98 Section (1) of Decree with the Force of Law No. 8 of 1962 (concerning Criminal Procedure): "Every member of the authorities and all official persons shall be obligated to file complaints about criminal acts they become aware of in the course of their official duty, identifying the offender...."

Paragraph 112 Section (2) of Law No. 1 of 1973 as amended several times (concerning Criminal Procedure) states in effect the following: "Every authority and official person shall file complaints about criminal acts they become aware of in the course of their official duty, naming the offender, if the identity of the offender is known...."

The substantive criminal law of the same period provides for the statute of limitations as follows:

—In Act No. 5 of 1878 (Csemegi Kodex) the statute of limitations in the context of the lapse of authority to initiate a criminal proceeding prevented the possibility of initiating a criminal proceeding (Paragraph 105 Section (3)) if the waiting period specified in Paragraph 106 Sections (1)-(4)—that began with the completion of the criminal act, or with "the date of committing the final act to complete the crime" (Paragraph 107)—has expired.

Based on Paragraph 117 Section (3), the statute of limitations also prevented the enforcement of a sentence pronounced by a court of last resort (in due regard to the waiting period prescribed in Paragraph 120).

—Paragraph 24 Subsection (b) of Law No. 2 of 1950 (concerning the general provisions of the Criminal Code of Laws) recognizes the lapse of a crime as a cause for discontinuing culpability. Paragraph 25 states that after the specified waiting period culpability of the offender ceases on grounds of the statute of limitations.

Statute of limitations provisions concerning penal enforcement are contained in Paragraphs 23 and 24 of Decree with the Force of Law No. 39 of 1950 (concerning the implementation of the general provisions of the Criminal Code of Laws).

—Law No. 5 of 1961 (the Criminal Code of Laws of the Hungarian People's Republic) regards the lapse of a crime as cause for discontinuing culpability (Paragraph 30 Subsection (b)), and details time limits for the statute of limitations in Paragraph 31. At the same time the statute of limitations for specific crimes reentered the Criminal Code of Laws in Paragraph 58.

—Law No. 4 of 1978 (concerning the Criminal Code of Laws) continues to maintain the lapse of a crime as cause for discontinuing culpability (Paragraph 32 Subsection (b)), and provides for the related waiting period, and states in Paragraphs 33 and 34 that the statute of limitations for certain crimes never expires.

As the Constitution Court ruled in its Decision No. 2086/A/1991/14 (page 18): "Whether a crime has lapsed is determined by law, i.e., legal provisions must change a natural fact—the passage of time—into a fact that carries legal consequences." In due regard to all of the above, the period in which the state, duly authorized by law, fails to enforce its penal authority mandated by the Constitution and by constitutionally sound laws, and by virtue of this failure violates the constitutional principle of "equality before the law," and partially discontinues the administration of justice, cannot be regarded as a legally relevant lapse of time from the standpoint of the commission of a crime. The principle of equality before the law does not represent a value that is opposed to the principle of certainty regarding the effects of law, but instead, serves as a precondition for the avoidance of the arbitrary enforcement of laws. This also means that the principle of certainty concerning the effect of laws is violated if, in regard to a specific criminal act, the time period during which it is proven that the administration of justice had ceased to function is regarded as relevant. Accordingly, enforcing the legal mandate to persecute crime—contained in laws governing criminal procedure—serves as a condition for turning the natural passage of time into a fact that draws the legal consequence of the lapse of a criminal act. It then follows that in cases in which extra-legal elements (e.g. party resolutions), or lower level legal provisions contrary to constitutionally sound laws (secret directives) vacate the mandate to persecute a given crime in a given case, or if laws disregard holding a person criminally responsible without cause, thus violating the state's obligation to persecute crimes, no legal effect resulting in the lapse of a criminal act comes about.

A situation in which the leadership of the state fails to persecute crimes for no legitimate reason, or for reasons that cannot be reconciled with constitutional principles accepted in a constitutional state system consistent with its apparent or supposed intent, must be regarded as a failure to discharge the mandate of holding persons criminally liable.

Naturally, and in due regard to the above, only in the course of applying the law can it be determined whether the lapse of a crime, as a legal fact, has or has not occurred.

[Signed] Gyorgy Szabad, President of the National Assembly;
Dr. Lajos Szabo, reporter of the National Assembly;
Bela Glattfelder, reporter of the National Assembly

Law on Product Liability

93CH0473C Budapest MAGYAR KOZLONY in Hungarian No 24, 2 Mar 93 pp 1274-1275

[Law No. 19 of 1993 Concerning Product Liability adopted by the National Assembly at its 16 February 1993 session]

[Text] Hungary's participation in international economic integration, the security of the sale of goods, consumer protection, and the increased modernization of products and qualitative improvements require that manufacturers assume a more stringent than general responsibility for damages caused by flawed products manufactured under modern production conditions.

For these purposes the National Assembly creates the following law, in due regard to achievements in rendering the laws of Europe uniform:

Paragraph 1

In the context of this law

(1) *Product* shall mean all movable objects, even if those have become part of movable or real property, as well as

electrical energy, except unprocessed products of agriculture, forestry, animal breeding, fishing, and hunting;

(2) *Manufacturer* shall mean the producer of a final product, partial product, and base materials, as well as anyone who holds himself out as the manufacturer of a product by affixing his name, trade mark, or other distinguishing mark to the product;

(3) *Importer* shall mean a foreign trader, as well as the principal in a commission agent sales agreement in foreign trade;

(4) *Damage* shall mean

(a) pecuniary or nonpecuniary damage suffered as a result of a person's death, bodily injury, or impaired health;

(b) damage inflicted in excess of 10,000 forints by a flawed product on some other matter, provided that the usual function of such other matter is for private use or private consumption, and further, that the person suffering the damages has used the matter for such purpose most of the time.

Paragraph 2

(1) A product is flawed if it does not provide a level of security one could generally expect, particularly from the standpoint of the product's intended function, expected rational use, information related to the product, the date when the product became available, and the scientific and technological state of the art.

(2) The subsequent availability of a more secure product in itself does not constitute a flaw in the originally sold product.

Paragraph 3

(1) Based on rules provided in this law, the manufacturer of the product shall be held liable for damages caused by his flawed product.

(2) In cases involving imported products, the provisions applicable to the manufacturer shall also be appropriately applied to the importer. This rule shall not affect that importer's enforceable claim against the manufacturer.

Paragraph 4

(1) If the manufacturer or the importer of a product cannot be determined, the seller of the product shall be regarded as the manufacturer of the product until such time that the seller identifies the manufacturer or the seller from whom he purchased the product to the person who suffered the damage.

(2) The seller shall submit such statement within 30 days from the date of written notice received from the person who suffered the damage.

Paragraph 5

If several persons are liable for the same damage, their liability to the person who suffered the damage shall be joint and several.

Paragraph 6

The person who suffered the damage shall have the duty to prove the damage, the flaw in the product and the relationship between the two.

Paragraph 7

(1) A manufacturer shall be relieved of the liability established by this law only if he proves that

(a) he did not make the product available for sale, or

(b) he manufactured the product not for commercial distribution, or that he did not manufacture or sell the product as part of his business activities, or

(c) the product was flawless at the time of sale, and that the flaw was incurred later, or

(d) based on the state of the art of science and technology, the flaw could not be recognized at the time he sold the product, or

(e) the flaw in the product was caused by compliance with a law, or with a mandatory requirement established by an authority.

(2) The manufacturer of a base material or a partial product shall be relieved of liability, if he proves that

(a) the flaw was caused by the structure or composition of the final product, or

(b) the flaw was due to instructions provided by the manufacturer of the final product.

Paragraph 8

(1) A manufacturer shall not be relieved of his liability to the person who suffered the damage, if the conduct of a third person played a role in incurring the damage. This rule shall not affect a manufacturer's enforceable right against a third person.

(2) A manufacturer shall not pay that part of the damages which was incurred as a result of action by the person who suffered the damage, for which such person can be faulted.

Paragraph 9

The manufacturer's limitation or disclaimer of liability shall be null and void from the standpoint of the person who suffered the damage.

Paragraph 10

(1) The right of the person who suffered the damage to file a claim shall lapse after three years.

(2) This right shall begin to lapse on the day when the person who suffered the damage learned about, or, by exercising appropriate care, could have learned about the impending damage, the flaw in the product or the cause of the flaw, and of the identity of the importer.

Paragraph 11

The manufacturer's liability defined in this law shall expire 10 years after the date of selling the product, except if the person who suffered the damage has initiated court proceedings against the manufacturer in the meantime.

Paragraph 12

This law shall not affect opportunities for the enforcement of claims by the person who suffered the damage, as such opportunities may be available based on breach of contract, rules governing liability for noncontractual damages, or separate legal provisions.

Paragraph 13

(1) Paragraph 339 Section (2) of the Civil Code of Laws shall not apply with respect to the manufacturer in cases involving product liability.

(2) Regarding issues not governed by this law, the provisions of the Civil Code of Laws shall be appropriately applied, thus, in particular with respect to the amount of indemnification in case of death, bodily injury or health impairment, nonpecuniary damages, the joint, mutual liability of several persons causing damages, and in regard to the expiration and tolling of the statute of limitations.

Paragraph 14

(1) This law shall take effect on 1 January 1994; its provisions shall apply only to products sold after the effective date of the law.

(2) The provisions of this law shall not apply to damages

(a) caused by pharmaceutical products defined in the Health Care Law;

(b) defined in the Nuclear Energy Law, and to damages caused by nuclear accidents subject to settlement under international agreements ratified by the Hungarian Republic.

[Signed] Arpad Goncz, President of the Republic; Gyorgy Szabad, President of the National Assembly

Law 'To Protect Fetal Life'

93CH0309E Budapest MAGYAR KOZLONY in Hungarian No 132, 23 Dec 92 pp 4705-4708

[Text of Law No. 79 of 1992 To Protect Fetal Life, adopted by the National Assembly at its 17 December 1992 session"]

[Text]

Aware of the facts that:

—Fetal life that begins with conception deserves respect and protection;

—Protection of fetal life can be achieved with increased care provided for women expecting babies, while, at the same time, the establishment of conditions to provide for the healthy development of the fetus is the primary responsibility of parents;

—Termination of pregnancy is not a means for family planning and the regulation of birth; and

—Family planning is the right and responsibility of parents,

the National Assembly of the Hungarian Republic creates the following law:

Paragraph 1

The fetus developing in a mother's uterus that comes about as a result of fertilization, and women expecting babies, are entitled to support and protection.

Means and Alternatives for Support and Protection

Paragraph 2

(1) The values of health and human life, a healthy way of life, responsible relationships between couples, family life fit for human beings, and birth control methods harmful to health are learned in basic and intermediate educational institutions.

(2) The Family Protection Service that operates in the city (Budapest district) institutions of the State Public Health and Medical Officer Service conveys knowledge about family planning outside the educational institutions.

(3) The state supports the publication of information concerning the protection of fetal life and birth control, and the reporting of the same by the mass media.

Paragraph 3

(1) The following persons are entitled to free prenatal care:

(a) Hungarian citizens and their spouses permanently residing in Hungary; and

(b) non-Hungarian citizens holding permits to settle in Hungary.

(2) As part of prenatal care

(a) the expectant mother is informed of the lifestyle and nutrition needed for the healthy development of the fetus, and about the importance of avoiding the creation of effects that damage the fetus (smoking and alcohol consumption in particular);

(b) screening tests are performed to control the healthy development of the fetus and to protect the expectant mother's health;

(c) assistance is provided in preparing the expectant mother to give birth, to nurse, and to care for the infant and the child.

(3) The minister of public welfare shall decree detailed rules for prenatal care, and the scope of specific, mandatory screening tests to be performed free of charge as part of care provided by the state.

Paragraph 4

(1) Persons entitled to free prenatal care are also entitled to receive expectant mothers' supplemental pay beginning in the fourth month of pregnancy verified by the physician providing prenatal care, or if prenatal care provisions commence after the fourth month of pregnancy, beginning at the time when prenatal care is provided. The first prenatal supplemental pay is due on the first day of the month in which the 13th week of pregnancy begins, or, if prenatal care commences after the 13th week of pregnancy, the time when prenatal care provisions begin.

(2) The amount of expectant mothers' supplemental pay shall be equal to the amount of family supplement paid after one child, but based on having one more child than before.

(3) The government shall decree detailed rules concerning expectant mothers' supplemental pay.

Termination of Pregnancy

Paragraph 5

Pregnancy may be terminated only in cases of endangerment, and only under conditions specified in this law.

Paragraph 6

(1) Pregnancy may be terminated up to the 12th week if

(a) The pregnant woman's health is gravely endangered;

(b) The fetus suffers from grave retardation or other damage, as rendered probable by a physician;

(c) The pregnancy is a consequence of a criminal act; or

(d) The pregnant woman is experiencing a gravely critical situation.

(2) Under the conditions specified in Section (1), pregnancy may be terminated up to the 18th week, if

(a) The pregnant woman is physically handicapped or incapable to act;

(b) Her pregnancy has not been diagnosed earlier due to a health condition not of her own fault, or due to a mistaken diagnosis by a physician, or if the pregnancy has exceeded the time period specified in Section (1) due to a health care institution's or some other authority's failure to act.

(3) Pregnancy may be terminated up to the 20th week, or up to the 24th week if diagnostic procedures are delayed, if there is a greater than 50-percent likelihood that the fetus suffers from genetic or teratological defect.

(4) Pregnancy may be terminated irrespective of the stage of pregnancy

(a) For causes threatening the pregnant woman's health; or

(b) In case of a fetal disorder that cannot be reconciled with life after birth.

Paragraph 7

(1) If not warranted by health considerations, pregnancy may be terminated upon the written request of the pregnant woman.

(2) In addition to persons specified in Paragraph 3 Section (1), termination of pregnancy may also be requested by non-Hungarian citizens who hold valid permits to stay in Hungary.

Paragraph 8

(1) The pregnant woman shall present her request to terminate her pregnancy in person to the Family Protection Service case worker (hereinafter: case worker), accompanied by a certificate issued by an obstetrician-gynecologist attesting to her pregnancy.

(2) The statement of a physically handicapped person is valid only if accompanied by a statement of her legal representative taking note of her request to terminate pregnancy.

(3) Requests to terminate pregnancy by persons incapable to act shall be submitted on their behalf by their legal representatives.

Paragraph 9

(1) Upon receipt of a request to terminate pregnancy, while duly respecting the pregnant woman's feelings and dignity, and preferably in the presence of the father, the case worker shall inform the pregnant woman of

(a) The legal conditions related to the termination of pregnancy;

(b) The opportunity to receive financial and in kind support from the state and from other sources if the person requesting termination of her pregnancy gives birth;

(c) The existence and activities of organizations and institutions that provide moral and financial support if a child is born;

(d) The possibility and conditions of adoption;

(e) The circumstances, method, and dangers of terminating pregnancy, and the possible effects of terminating pregnancy on a subsequent pregnancy;

(f) The health care institutions that terminate pregnancy; and of

(g) Personally suited birth control methods that may be recommended.

(2) After providing the above information the case worker shall complete the form to request termination of pregnancy, to be signed by the applicant (and if possible, also by the father), naming the health care institution chosen by the applicant to terminate pregnancy.

(3) The case worker shall promptly forward a copy of the application signed by the case worker to the health care facility chosen.

(4) Persons acting as case workers are obligated to keep the information secret.

Paragraph 10

(1) The pregnant woman shall report with the application form to the chosen health care institution promptly, but no later than eight days after completing the form.

(2) Pregnancies shall not be terminated within three days after completing the application form.

(3) The pregnant woman shall once again reaffirm with her signature her request on the day the medical intervention is to take place.

(4) If the pregnant woman does not appear at the health care institution within eight days from the date of completing the application, the health care institution shall inform the case worker of this fact by returning to the case worker the copy of the application form received by the health care institution.

(5) If the specialist physician at the institution supposed to perform the intervention finds that the stage of pregnancy has exceeded the time limit specified in this law, or if the intervention presents a grave threat to the woman's health, the physician shall refuse to terminate the pregnancy. In such cases the pregnant woman may request a professional review of her case. The pregnant woman shall be informed of the opportunity to obtain such review and of the agencies that perform such review.

(6) The minister of public welfare shall determine the agencies authorized to perform such review.

(7) Intervention approved in the course of such review shall be performed by the institution that performed the review.

Paragraph 11

(1) If the pregnant woman does not appear for a professional review within 10 days from the date of the physician's refusal to intervene, or if intervention is denied with a final effect in the course of the review proceedings, then the agency performing the professional review shall return its copy of the application form to the case worker, and the case worker shall promptly notify the district nurse having jurisdiction at the place where the applicant resides.

(2) A pregnant woman shall be regarded as an endangered pregnant woman, and shall be provided prenatal care

(a) If the termination of her pregnancy has been refused with a final effect by a health care institution, or

(b) If she has failed to appear for a professional review.

Paragraph 12

(1) Reasons for terminating pregnancy based on the pregnant woman's health condition shall be determined on the basis of the unanimous opinion of two physicians specializing in the field of the health condition provided as the reason for terminating pregnancy.

(2) The health condition of the fetus shall be determined based on the unanimous opinion of two specialists selected from any two of the following specialists: genetic advisers, prenatal diagnostic centers, or the obstetrics-gynecology department of the hospital designated by the national institution having professional jurisdiction.

(3) The minister of public welfare shall decree the conditions under which persons are entitled to professional review if professional opinions differ.

(4) The health-related reasons specified in Sections (1) and (2) shall be diagnosed on the basis of the methodical guidelines provided by the national specialized institution or college.

(5) If pregnancy is the result of a criminal act, the fact that a crime has been committed, or that reasonable grounds to believe that a crime has been committed exists, shall be attested to by a certificate issued by the organ involved in the criminal proceeding.

(6) A gravely critical situation is one that causes physical or spiritual shock, or makes impossible for a person to interact with people, and thus threatens the healthy development of the fetus. The pregnant woman shall attest to the existence of a gravely critical situation by signing the application form.

Institutions to Terminate Pregnancies

Paragraph 13

(1) Pregnancies may only be terminated in health care institutions that comply with legally established conditions.

(2) All state and local government health care institutions that operate an obstetrics-gynecology department must have at least one group that performs procedures to terminate pregnancies.

(3) The minister of public welfare shall designate by decree the health care institutions authorized to terminate pregnancies pregnancies advanced beyond the 12th week.

Paragraph 14

Except when a pregnant woman's life is at risk, no physician or professional health care worker shall be obligated to perform or to participate in procedures terminating pregnancies.

Paragraph 15

Advertising or encouraging the popularity of the termination of pregnancy, the institutions that perform procedures terminating pregnancies, or the implements suitable for the termination of pregnancies is hereby prohibited.

Paragraph 16

(1) The costs of terminating pregnancies shall be paid for by the Health Insurance Fund, if the termination of the pregnancy of an insured woman occurs due to the existing health conditions of the woman or the fetus.

(2) The minister of public welfare shall decree the fees to be charged for terminating pregnancies, including the extent of benefits to be provided based on the pregnant woman's financial situation, as well as detailed rules for the payment of fees.

(3) The Health Insurance Fund shall make advance payments to health care institutions for the costs of terminating pregnancies. That part of the expenditures which is not covered by the fee to be paid shall be reimbursed to the Health Insurance Fund in the form of a lump sum payment using budgeted state funds.

Paragraph 17

(1) This law shall take effect on 1 January 1993. Regarding births prior to 30 June 1993, the amount paid in the form of expectant mothers' supplements shall be increased to 9,000 forints until the date of birth, if such supplements amounted to less than the amount of maternity aid due in December 1992. Provisions of this law pertaining to the termination of pregnancy shall be applied to holders of the form "Pregnancy Termination Data" within 10 days from the date of completing the form.

(2) On the effective date of the law, Paragraph 16/A Section (3) Subsections (ea) and (eb) of Law No. 2 of 1975 concerning social security, as well as the wording "maternity aid" appearing in Paragraph 26, Paragraph 15 Sections (1) and (2), Paragraph 16 Section (1), Paragraph 118 Section (1), Paragraph 119/D Sections (3) and (6), and Paragraph 124 Section (2) shall lose force.

—Arpad Goncz, President of the Republic;
—Gyorgy Szabad, President of the National Assembly

Law on Budget for 1993

93EP0206A Warsaw RZECZPOSPOLITA (EVERYDAY LAW supplement) in Polish 25 Feb 93 pp 2-3

[Text of Law on Budget for 1993, dated 12 February 1993]

[Text] **Article 1.1.** The revenues of the state budget are established in the amount of 433,500,000 million zlotys [Z], of which:

1) revenues from taxes—Z356,800,000 million, of which:

a) the turnover tax, the excise tax, the tax on goods and services, and the taxes on tobacco products and gaming—Z178,000,000 million

b) the profit tax on corporate persons—Z61,000,000 million

c) the income tax on private individuals—Z109,000,000 million

d) the tax on the increment of remunerations—Z8,500,000 million

e) repealed taxes—Z300,000 million

2) nontax revenues—Z67,800,000 million, of which:

a) interest on capital in the single-person partnerships of the State Treasury and dividends—Z7,200,000 million

b) payments from the profits of the National Bank of Poland—Z8,900,000 million

c) customs duties—Z33,500,000 million

d) payments by units financed from the budget—Z13,600,000 million

e) other income—Z4,600,000 [as published]

3) proceeds from the sales, rentals, and leases of the property holdings of the State Treasury—Z8,800,000 million

4) interest on the extended foreign credit—Z100,000 million

2. The expenditures of the state budget are established in the amount of Z514,520,000 million, of which:

1) subsidies to finance economic operations—Z21,147,000 million, of which:

a) product-specific subsidies—Z7,160,000 million

b) entity-specific subsidies—Z5,265,000 million

c) subsidies for the investment projects of enterprises—Z2,039,000 million

d) other subsidies—Z6,683,000 million

2) social security—Z111,770,000 million

3) expenditures of the sphere financed from the budget—Z291,009,060 million, of which:

a) expenditures of economic units—Z24,787,060 million

b) science—Z8,968,300 million

c) education and upbringing—Z46,364,460 million

d) college educations—Z11,798,700 million

e) culture and art—Z3,714,514 million

f) health care—Z67,016,158 million

g) social welfare—Z32,785,720 million

h) physical education and sports—Z624,966 million

i) tourism and recreation—Z200,496 million

j) state administration and self-government administration—Z14,653,591 million

k) administration of justice and prosecutors' offices—Z7,640,300 million

l) public security—Z18,630,100 million

m) national defense—Z30,850,100 million

n) offices of the supreme organs of power, control, and the judiciary—Z2,236,637 million

o) cost of the privatization of the property of the State Treasury—Z594,060 million

p) miscellaneous operations—Z864,190 million

q) special-purpose reserves and unobligated expenditures—Z19,279,708 million, of which:

the reserve to finance wage increases—Z13,720,,000 million

4) servicing the foreign debt—Z16,140,000 million

5) settlements with banks, servicing the domestic debt and guarantees—Z63,010,000 million

6) general subsidies for gminas—Z11,043,740 million

7) general reserve of the Council of Ministers—Z400,000 million.

3. The national budget deficit for the year ending 1993 is estimated to be Z81,020,000 million.

4. The balance of extended and received foreign loans is negative and comes to Z6,700,000 million.

5. The minister of finance is authorized to pay long-term obligations of the state budget in the amount of Z20,492,585 million in 1993, of which, by virtue of:

1) bills issued for the PKO BP [General Savings Bank-National Bank]—Z440,000 million

2) converted voivodship credit—Z43,585 million

3) credit for infrastructural investment by housing cooperatives—Z5,363,000 million

4) bonds denominated in U.S. dollars, Series C and D—Z7,600,000 million

5) bills of the Fund for Servicing the Foreign Debt (bills with numbers from 5 to 8, and 5a to 8a)—Z5,313,200 million

6) assumed obligations to the National Bank of Poland resulting from refinancing credit extended to the Bank of Industry and Commerce Ltd. in Krakow—Z1,732,800 million.

6. The deficit of the state budget, the negative balance of foreign financing, and the payment of long-term obligations in the amount of Z108,212,585 million will be covered by the growth of indebtedness by virtue of state securities and credit.

7. The permissible increment of debt as of the end of 1993 is established from the following positions:

1) treasury securities maturing in less than one year and credit extended by commercial banks—by Z90,000,000 million

2) treasury bills purchased by the National Bank of Poland—by Z30,000,000 million

3) state loan bonds maturing in no less than one year, which are referred to in Article 2, Paragraph 1, Points 1 through 3—by Z20,000,000 million.

8. The increment of indebtedness by virtue of the positions referred to in Paragraph 7, Points 1 and 3 may not exceed 5 percent during the year.

Article 2.1. The minister of finance is authorized to issue:

1) bonds of the next series of the state one-year loan and the state three-year loan on the same terms as in 1992,

2) bonds of state loans to be redeemed in one year or more, with either adjustable or fixed interest rates,

3) bonds of a state loan supplementing the bonds of the three-year state loan issued in 1992, in a total amount representing the difference between Z7,000,000 million and the nominal value of the sold bonds of the state three-year loan,

4) interest-bearing conversion bonds to cover the debt, accumulated in 1989 through 1991, of the state budget to the National Bank of Poland, which, effective in 1995, shall be redeemed over a period of 20 years—up to the amount of Z24,382,700 million.

2. The total nominal value of the bonds referred to in Paragraph 1, Points 1 and 2 may not exceed the amount of Z24,000,000 million.

Article 3. The minister of finance is authorized to issue restructuring bonds aimed at increasing the internal funds and reserves of banks to the amount of Z21,000,000 million if the financial restructuring of enterprises and banks is initiated on the basis of other regulations.

Article 4. The minister of finance shall set forth, by an executive order, terms for the emission of bonds referred to in Article 2, Paragraph 1, Points 2 through 4, and in Article 3, in particular, the size of individual issues, the level of and procedures for interest payments, the deadlines for redemption and interest payments, and expiration terms.

Article 5. The profits, expenditures, and settlements with the state budget by state units in the off-budget sector are represented by the following amounts:

1) internal profits come to Z15,845,151 million

2) subsidies from the budget (without investment subsidies) come to Z3,450,377 million

3) expenditures, without payments made to the budget, come to Z17,937,616

4) payments made to the budget come to Z999,888 million.

Article 6.1. The 1993 revenues and expenditures of the state budget and the off-budget sector for individual parts of the state budget and voivodes shall be established as specified in Annex No. 1 [not published].

2. The revenue and expenditure plans for state special-purpose funds are established as specified in Annex No. 2 [not published].

3. A list of centralized investment projects carried out in 1993 is included in Annex No. 3 [not published].

Article 7.1. Subsidies are established for nonstate entities for state tasks accomplished by these entities in the amount of Z2,103,821 million.

2. The distribution of the amount referred to in Paragraph 1 among specific parts and sections of the budgetary classification is set forth in Annex No. 1.

Article 8.1. Special-purpose subsidies for tasks in the area of state administration that are delegated to gminas are established in the total amount of Z11,062,042 million.

2. The distribution of the amount referred to in Paragraph 1 among the specific parts and sections of the budgetary classification is set forth in Annex No. 1.

Article 9.1. The total amount of product-specific subsidies for products and services is set at Z7,160,000 million.

2. The scope of subsidized goods and services, which are referred to in Paragraph 1, and the amounts of subsidies are set forth in Annex No. 4.

Article 10.1. The Council of Ministers is authorized to increase the expenditures of the state budget and increase the deficit of the state budget by the same amount, if foreign credit is obtained that is intended for:

1) investment in the section "health care," up to the amount of the zloty equivalent of U.S. $200 million,

2) support for restructuring and a safety net for the liquidation of enterprises, up to the amount of the zloty equivalent of U.S. $150 million.

2. The implementation of the higher expenditures referred to in Paragraph 1 may occur after the amount of obtained credit has been transferred to the account of the state budget, in an amount not to exceed this transfer.

Article 11. Subsidies are authorized for the partial financing of the following:

1) the cost of certain projects in the sphere of biological advancement in agriculture, a greater availability of agricultural consulting services, the control of infectious animal diseases, the monitoring of the foodstuffs of animal origin, geodetic services, the application of lime, the application of chemicals in agriculture, the maintenance of basic land reclamation facilities, water-management cooperatives involved in land reclamation projects, and the heating of school workshops that are used for instructional purposes on the auxiliary farms of agricultural schools—in the amount of Z2,626,499 million,

2) investment outlays in the area of:

a) rural water supplies and the construction of wastewater treatment facilities in the amount of Z485,800 million,

b) basic and advanced water-management projects in the amount of Z719,200 million.

Article 12.1. Product-specific subsidies are authorized to support agricultural production, henceforth referred to as supports, which, in part, offset the consequences of an increase in the price of diesel fuel purchased for uses directly associated with agricultural production, in the amount of Z1,500,000 million.

2. Economic entities operating farms, as defined in the regulations on the farm tax, qualify for support.

3. Support shall be paid by gmina administrations for six-month periods, beginning in October 1992, no later than the end of the first month after the end of the period for which the support is paid.

4. The minister of agriculture and the food industries, in cooperation with the minister of finance, shall determine, by an executive order, the rate of support, guidelines for the calculation and transfer and settlement procedures for support, and the cost of paying them.

Article 13.1. Subsidies for housing cooperatives are authorized in the amount of Z5,600,000 million for the purposes associated with maintaining the cooperative housing stock.

2. The minister of land use management and construction:

1) shall set forth, by an executive order and in cooperation with the minister of finance, guidelines for granting and procedures for settling for the subsidies referred to in Paragraph 1,

2) shall assign the amount referred to in Paragraph 1 to individual voivodships.

3. The distribution and procedures for the transfer of subsidies to housing cooperatives shall be established by voivodes.

Article 14. The cost of privatization of the property of the State Treasury, which is referred to in Part 14, Section 97, in Annex No. 1 of the 1993 budget, may not exceed the sum amounting to the total of Z320,000 million and 4 percent of profits from capital-type privatization in 1993.

Article 15. Voivodes are authorized to transfer 25 percent of the profits obtained from the sale of facilities vacated by Russian troops who were temporarily stationed in the Republic of Poland to be the revenue of special funds, allocated to guard these facilities, appraise them, and organize their sale.

Article 16. Amounts payable to banks by virtue of interest on housing credit, coming to Z9,750,000 million, shall be purchased with the funds of the budget.

Article 17. An entity-specific subsidy in the amount of Z3,250,000 million is authorized to finance, in part, the cost of the current maintenance and repair of the infrastructure of the railways.

Article 18. The manpower of the police, amounting to 97,014 positions, is authorized, of which:

1) in the officer corps—21,000 positions,

2) in the officer candidate corps—27,000 positions,

3) in the noncommissioned officer corps—49,014 positions.

2. The minister of internal affairs may shift positions between individual corps.

Article 19. At the request of the minister of national defense, the minister of finance may shift funds for the pay of servicemen from the section "national defense" to

the section "state administration," allocating them to the pay of servicemen and for remuneration to civilian employees serving and employed by the Ministry of National Defense.

Article 20.1. State entities financed from the budget and included in the sections "education and upbringing" and "health care" may, except as provided in Paragraphs 2 and 3, allocate the proceeds received as special monies with which they can pay:

1) the cost of basic operation, except for remuneration and amounts derived from remuneration in such an operation;

2) the cost of generating additional proceeds, up to the amount of such proceeds.

2. The provision of Paragraph 1 does not apply to hygiene and disease-control stations with regard to profits generated through current and preventive oversight.

3. The proceeds referred to in Paragraph 1 cannot be derived from:

a) the sale of property components;

b) the provision of services associated with economic operations involving trade in tobacco products or alcoholic beverages in the compound of a state entity financed from the budget.

Article 21.1. The following are authorized:

1) the minister of finance—to shift expenditures between sections within the framework of the budget of a voivode, at the request of the voivode and upon soliciting the opinions of the minister-chief of the Office of the Council of Ministers and the interested ministers,

2) voivodes—to set aside reserves amounting to 1 percent of the total expenditure of the budgets of voivodes in the executive distribution of the budget.

2. In cases that are referred to:

a) in Paragraph 1, the provision of Article 45, Paragraph 1 does not apply,

b) in Paragraph 1, Point 2, the provisions of Article 6, Paragraph 2 of the law dated 5 January 1991—Budget Regulations (DZIENNIK USTAW No. 4, Item 18, No. 34, Item 150, No. 94, Item 421, No. 107, Item 464, No. 110, Item 475, and 1992, No. 21, Item 85, No. 33, Item 143, and No. 64, Item 322) do not apply;

3. The voivodes report the transfers from reserves referred to in Paragraph 1, Point 2 to the minister-chief of the Office of the Council of Ministers and the minister of finance.

Article 22. The minister of finance is authorized to reimburse the Social Security Fund for the amount corresponding to the difference between the generally applicable amount of social security contributions and the social security contributions of individuals employed directly in agricultural production as members of a cooperative or employees.

Article 23.1. Persons in charge of the parts of the state budget for which nonbudget proceeds of state revenue are envisaged are authorized:

1) to delegate, for a fee, the collection of the nontax amounts payable to the state budget to organizational units other than those of the organs of state administration, with the stipulation that the collection will be effected in a timely manner, together with interest for late payment;

2) to allocate up to 3 percent of the revenues obtained in the way set forth in Point 1 to cover the costs associated with collecting such revenues.

2. Organizational units taking part in the process of obtaining proceeds that amount to a foreign source of financing for the expenditures of the state budget are entitled to a commission of up to 0.5 percent of the amount of foreign loans obtained, in order to cover the cost of obtaining such credit.

3. The minister of finance shall set forth, by an executive order, the amount and conditions for receipt of the commission that is referred to in Point 2.

Article 24.1. The following are allocated to increase personal remuneration in the sphere financed from the budget and to increase the pay of servicemen and officials:

1) to increase personal remunerations of employees in the sphere financed from the budget—the amount of Z8,230,100 million,

2) to increase the pay of servicemen and officials, as well as candidates and noncareer servicemen—the amount of Z2,461,300 million,

3) to increase the remunerations of the judges of general courts and procurators—the amount of Z145,200 million.

2. The remunerations and pay referred to in Paragraph 1 are increased on 1 April and 1 September 1993.

Article 25. The total amount of obligations to which guarantees given on the basis of Article 23 of the Law, dated 5 January 1991—Budget Regulations—may apply in 1993 is set at Z8,000,000 million.

Article 26. In 1993, the National Bank of Poland shall make payments from profits to the state budget on a monthly and a quarterly basis; the final settlement for these payments will be effected before the deadlines set forth in Article 77 of the Law on the National Bank of Poland (DZIENNIK USTAW, 1992, No. 72, Item 360 and 1993, No. 6, Item 29), dated 31 January 1989.

Article 27. In 1993, the provision of Article 34 of the Law on the National Bank of Poland, dated 31 January 1989, does not apply.

Article 28. 1. Special-purpose subsidies for the internal projects of gminas are authorized in the amount of Z3,048,000 million, of which, for:

1) offsetting some of the cost entailed by the development of areas assigned for housing construction on the basis of Article 10 of the Law on Changing Certain Conditions for the Preparation of Housing Construction Investment Projects in 1991 Through 1995 and on Amending Certain Laws (DZIENNIK USTAW No. 103, Item 446), dated 4 October 1991—Z1,550,000 million

2) investment in regions threatened with a high rate of unemployment—Z137,000,000 million

3) investment by gminas—Z861,000 million, of which:

a) the construction of the subway line Kabaty-Warsaw Steel Plant—Z500,000 million

b) the construction of the waste-water treatment plant Klimzowiec in Chorzow—Z45,000 million

c) the construction of the waste-water treatment plant Radocha in Sosnowiec—Z40,000 million

d) the construction of the waste-water treatment plant in Lodz—Z100,000 million

e) the construction of the waste-water treatment plant in Gdynia-Debogora—Z86,000 million

f) the construction of the Rapid Streetcar System in Poznan—Z70,000 million

g) the waste-water treatment plant in Zamosc—Z20,000 million

4) projects in the area of public welfare—Z500,000 million.

2. Voivodes are authorized to establish or increase special-purpose subsidies to finance the internal projects of gminas within the confines of amounts envisaged by the law for given parts and sections; the voivodes shall report the changes made to the minister of finance.

Article 29. Mandatory contributions to the Labor Fund are established in the amount of 3 percent of the base for calculating the social security or retirement benefit contribution, to be paid by enterprises and individuals who are not employees of enterprises but who qualify for social security or retirement benefits by virtue of other nonfarm operations.

Article 30. The percentage rate for the calculation of the compulsory dividend, as defined in the Law on the Financial Management of State Enterprises (DZIENNIK USTAW, 1992, No. 6, Item 27), dated 31 January 1989, is set at 10 percent.

Article 31. Eighty percent of the proceeds from the sale or liquidation of materiel that remains in service with units reporting to the minister of national defense, the minister of internal affairs, and the units of the penitentiary service are allocated to cover the cost of sales or liquidation and acquire new materiel; 20 percent are transferred to the state budget.

Article 32.1. Support may be allocated from the state budget to pay some of the interest due to banks on loans extended in 1933 for the purchase of mineral fertilizer and insecticides, the procurement and storage of the stocks of crops and sea fish, biological advancement in agriculture, the acquisition of land for farming, investment outlays on land management and for ecological uses, the purchase of wheelchairs and cars for the handicapped and the individuals taking care of the handicapped and the disabled.

2. Until regulations are issued that establish guidelines for the provision of the support referred to in Paragraph 2, obligations of the state budget by virtue of support for the interest due to banks on loans extended in 1993 will be made in keeping with the guidelines of the executive order of the Council of Ministers, which is referred to in Paragraph 3, Point 2.

3. Obligations of the state budget in 1993 by virtue of support for the interest due to banks on loans extended before 1 January 1993 on the basis of the provisions of the executive order of the Council of Ministers:

1) dated 21 May 1991 on the scope, guidelines, and procedures for providing assistance to borrowers out of budgetary funds in 1991, with the payment of some of the interest due to banks on loans (DZIENNIK USTAW, No. 50, Item 217),

2) dated 3 March 1992 on the specific scope, guidelines, and procedures for financing, from the state budget, interest rate subsidies for bank loans extended in 1992 (DZIENNIK USTAW, No. 24, Item 102),

pertain to loans extended for the implementation of biological advancement in agriculture, the acquisition of land for farming and investment in its development within five years from the date of its acquisition, the accomplishment of ecological tasks, the procurement and storage of the stocks of crops from the 1992 harvest until 30 September 1993, the acquisition of wheelchairs for the handicapped and individuals taking care of the handicapped and the disabled—and are effected through the procedures and on the conditions outlined in the above executive orders.

Article 33. Provisions of the Law on Tax Obligations (DZIENNIK USTAW No. 27, Item 111; 1982, No. 45, Item 289; 1984, No. 52, Item 268; 1985, No. 12, Item 50; 1988, No. 41, Item 325; 1989, No. 4, Item 23, No. 33, Item 176, No. 35, Item 192, and No. 74, Item 443; 1990, No. 34, Item 198; 1991, No. 100, Item 442 and No. 110, Item 475, as well as 1992, No. 21, Item 86 and No. 53, Item 251), dated 9 December 1980, apply to amounts

due to the Central Fund for the Development of Science and Technology that were not paid by entities specified in Article 2, Point 2 of the Law on the Central Fund for the Development of Science and Technology (DZIENNIK USTAW, No. 25, Item 134 and No. 64, Item 389), dated 27 April 1989.

Article 34.1. The minister of finance may allocate funds, derived from the sale of property components of the State Treasury, which, pursuant to Article 7, Paragraph 1 of the Law on the Fund of Employee Vacations (DZIENNIK USTAW, No. 11, Item 84 and 1992, No. 21, Item 85), dated 21 April 1988, are managed by the Fund of Employee Vacations for the elimination of the financial consequences of the discontinuation of financing for this entity from the state budget.

2. At the request of the general director of the Fund of Employee Vacations, the minister of finance consents to the sale of the property components referred to in Paragraph 1.

3. The property components referred to in Paragraph 2 are sold by the general director of the Fund of Employee Vacations. The difference between the proceeds from the sales and the funds allocated to eliminate the consequences referred to in Paragraph 1 plus the cost of sales are transferred to the state budget.

Article 35.1. The Council of Ministers is authorized to set forth, by an executive order, the tasks and jurisdiction of the general and special government administration that, together with funding, will be assigned for execution to the organs of territorial self-government in the indicated cities.

2. The tasks and jurisdictions referred to in Paragraph 1 are assigned by way of agreements between the relevant organs of state administration and the organs of the indicated cities.

3. The oversight of communal activities with regard to the tasks and jurisdictions assigned is exercised on the basis of the criterion of compliance with the law, except if the Council of Ministers resolves otherwise in the executive order referred to in Paragraph 1.

Article 36.1. In 1993:

1) the size of retirement benefits and annuities adjusted for the cost of living is determined by calculating them on the basis of an amount equal to 91 percent of the average wage in the calendar quarter preceding the adjustment date, while using the statistic of the amount of the benefit,

2) with a view to establishing the base for the calculation of retirement benefits or annuities for the handicapped, the statistic of the base of the retirement benefit or annuity calculation is multiplied by an amount equal to 91 percent of the average wage in the calendar quarter preceding the date of the last adjustment, which constitutes the base amount for the calculation of the size of benefits,

3) the chairman of the Social Security Agency shall announce the amounts of the lowest retirement benefit or annuity in the Official Gazette of the Republic of Poland MONITOR POLSKI before the 14th business day of the second month of a quarter if the condition for the cost-of-living adjustment for retirement benefits and annuities has been met,

4) the retirement benefits or annuities for the handicapped are suspended in full in the event one receives a wage or profits from the sources referred to in Article 24, Paragraphs 1 and 2 of the Law on the Cost-of-Living Adjustment of Retirement Benefits and Annuities, on Guidelines for Granting Retirement Benefits and Annuities, and on Amending Certain Laws (DZIENNIK USTAW, No. 104, Item 450 and 1992, No. 21, Item 84), dated 17 October 1991, in the monthly amount exceeding 120 percent of the amount of the average wage for a calendar quarter announced most recently by the chairman of GUS [Central Office of Statistics],

5) if wages or income are received from the sources referred to in Article 24, Paragraphs 1 and 2 of the law referred to in Point 4, in an amount exceeding, on a monthly basis, 60 percent of the amount of the average wage in a calendar quarter announced most recently by the GUS chairman, but no higher than 120 percent of this quota. Groups I and II retirement benefits and annuities for the disabled are reduced by the amount of the excess no greater than that specified in Article 10, Paragraph 1, Point 1 of the law referred to in Point 4, and Group II annuities for the handicapped are reduced by the amount of the excess but no more than 75 percent of the amount specified in Article 10, Paragraph 1, Point 1 of the law referred to in Point 4,

6) the family annuity due to more than one person is to be reduced if one or several individuals entitled to the annuity receive monthly wages or income in an amount exceeding 60 percent of the amount of the average wage in the calendar quarter announced most recently by the GUS chairman.

2. Article 7, Paragraph 5, Point 4, Article 17, Paragraph 2, Article 18, Paragraph 2, and Article 24, Paragraphs 1, 3, 4, and 7 of the law referred to in Paragraph 1, Point 4 do not apply to the area regulated by Paragraph 1.

Article 37.1. In 1993:

1) the base for the calculation of annuities for the handicapped and family annuities due on the basis of the Law on Benefits for Disabled War and Army Veterans and Their Families (DZIENNIK USTAW, 1983, No. 13, Item 68; 1990, No. 36, Item 206; 1991, No. 104, Item 450, and 1992, No. 21, Item 84), dated 29 May 1974, is established proceeding from the amount of 91 percent of the average wage in the calendar quarter preceding the date of the last implemented cost-of-living adjustment on the basis of regulations on retirement benefits for employees and their families; the amount of the base of calculation is increased effective in the month in which the adjustment is made,

2) the amount of the annuity is determined by multiplying the base of calculation, increased pursuant to Point 1, by the amount of the benefit; the annuity is increased effective in the month in which the adjustment is made.

2. The provisions of Article 11, Paragraphs 1, 2, and 5 of the law referred to in Paragraph 5 do not apply to the area regulated by Paragraph 1.

Article 38.1. In 1993, the withholding for the administrative fund of the Farm Social Security Fund out of the retirement benefit and annuity fund will come to Z1,132,120 million.

2. Article 79, Paragraph 2 of the Law on Social Security for Farmers (DZIENNIK USTAW 1991, No. 7, Item 24, No. 45, Item 199, No. 103, Item 448, No. 104, Item 450, and No. 107, Item 464, as well as 1992, No. 21, Item 85 and No. 58, Item 280), dated 20 December 1990, does not apply to the area regulated by Paragraph 1.

Article 39. The following amendments are made in the Law on Generating Funds for Remuneration in the State Sphere Financed From the Budget in 1993 and on Amending the Law on the Remuneration of Individuals Holding Leading State Positions (DZIENNIK USTAW 1993, No. 1, Item 1), dated 30 December 1992:

1) in Article 3, Paragraphs 2 through 4 and the designation of Paragraph 1 are omitted,

2) in Article 4, Paragraph 3, the words "Paragraph 1" are omitted,

3) in Article 5, Point 4, the words "that are referred to in Points 1 and 2" are replaced by the words "personnel remunerations."

Article 40.1. Except as provided in Paragraph 3, the minister of finance shall allocate funds that originate from the payment of accounts receivable that remain after the cancellation of the Central Tourism and Recreation Fund to generate a special credit line to finance investment and projects in the area of tourism.

2. Guidelines for the extension of credit from the monies referred to in Paragraph 1 shall be set forth in an executive order of the minister of finance, in coordination with the chairman of the Office of Physical Culture and Tourism.

3. The funds referred to in Paragraph 1 may not be greater than Z100,000 million.

boldArticle 41. The present law is enacted on the day of publication, effective from 1 January 1993, provided the regulations of Articles 36 through 39 are enacted on the day of publication.

We do not publish the annexes envisaged by the law because of their volume.

Slovak Republic Citizenship Law Published

93CH0320A Bratislava PRAVDA in Slovak 21 Jan 93 p 9

[Text of the citizenship law as published by the National Council of the Slovak Republic: "Law on State Citizenship in the SR"]

[Text] The National Council of the Slovak Republic [SR] passed the following law on 19 January 1993:

Paragraph 1

Purpose of the Law

This law establishes the conditions for acquiring and losing state citizenship in the Slovak Republic.[1]

PART ONE

Acquiring State Citizenship in the Slovak Republic

Paragraph 2

Determination of State Citizenship in the Slovak Republic

A person who on 31 December 1992 was a state citizen of the Slovak Republic in accordance with Slovak National Council Law No. 206/1968 Collection of Laws [Zb.], on the acquisition and loss of state citizenship in the Slovak Republic as stated in Law No. 88/1990 Zb. is a state citizen of the Slovak Republic in accordance with that law.

Paragraph 3

Electing for State Citizenship in the Slovak Republic

(1) A person who on 31 December 1992 was a state citizen of the Czech and Slovak Federated Republic and not a state citizen of the Slovak Republic in accordance with Paragraph 2 can elect for state citizenship in the Slovak Republic.

(2) Election for state citizenship in accordance with Section (1) can be made until 31 December 1993 by a written declaration submitted to a district office on the territory of the Slovak Republic or abroad at a diplomatic mission or consular office of the Slovak Republic, depending on one's place of residence. Married couples can jointly make a declaration on their electing.

(3) The following must be obvious from the declaration made in accordance with Section (2):

a) The identity of the person who is submitting the declaration;

b) The fact that the person who is submitting the declaration was on 31 December 1992 a state citizen of the Czech and Slovak Federated Republic;

c) The place of birth and place of residence as of 31 December 1992.

Paragraph 4

State Citizenship of Minor Children

(1) If the parents are state citizens of the Slovak Republic in accordance with Paragraph 2 or they become state citizens of the Slovak Republic in accordance with Paragraph 3, their minor children also have their state citizenship [2]; if only one of the parents is alive, the children derive their state citizenship from that parent.

(2) If one of the parents has a different citizenship than state citizenship in the Slovak Republic, the parents will also include the minor children in their declaration for state citizenship in accordance with Paragraph 3. If both parents are alive, there is a declaration of agreement required.

(3) In a case where the court has awarded custody of a minor to only one of the parents and the other parent has not given a declaration of agreement, the child derives his state citizenship from that parent who has custody of the minor child.

(4) If the parents do not agree on a declaration of agreement in accordance with Section (2), the decision of the court replaces it on the basis of a proposal by one of the parents or the legal guardian of the minor.

(5) Agreement in accordance with Section (2) is not required if the other parent has been deprived of parental rights or if his parental rights are limited or if his residence is not known or if he has been declared incompetent of legal actions or if his competence for legal actions is limited.

Paragraph 5

Birth

(1) A child acquires state citizenship in the Slovak Republic if:

a) At least one of the parents is a state citizen of the Slovak Republic, or

b) He is born on the territory of the Slovak Republic and the parents are stateless, or

c) If he is born on the territory of the Slovak Republic and his parents are citizens of a foreign country and neither of them will acquire state citizenship through the birth.

(2) If foreign state citizenship is not proven, a child will be considered a state citizen of the Slovak Republic if:

a) It was born on the territory of the Slovak Republic, or

b) It was found on the territory of the Slovak Republic and its parents are not known, unless it is proven that it acquired state citizenship in another state through birth.

(3) The child of a citizen of a foreign state and a state citizen of the Slovak Republic is a state citizen of the Slovak Republic even if it is later proven that the citizen of the Slovak Republic is not his parent.

Paragraph 6

Adoption

If a child who is not a state citizen of the Slovak Republic is irreversibly adopted[3] by an adoptive parent or parents, at least one of whom is a state citizen of the Slovak Republic, he acquires state citizenship in the Slovak Republic through adoption.

Paragraph 7

Granting

(1) State citizenship in the Slovak Republic can be granted at the request of a person who is not a state citizen of the Slovak Republic and who:

a) Has an uninterrupted continuous residence[4] on the territory of the Slovak Republic of at least five years and has mastered the Slovak language and

b) Has not been legally convicted in the past five years of any deliberate criminal act.

(2) It is in the favor of the person requesting the granting of state citizenship in the Slovak Republic:

a) If he does not have any other state citizenship, or

b) If he proves that according to the laws of the state of which he is a citizen that he has taken legal action to give up or void that state citizenship.

(3) Without regard to fulfillment of the conditions contained in Section (1), state citizenship in the Slovak Republic can be granted to an applicant

a) Who is married to a state citizen of the Slovak Republic, or

b) If granting state citizenship in the Slovak Republic is possible for reasons compatible with a personal consideration, especially if it concerns a person who has performed important services contributing to the Slovak Republic in the economic, scientific, cultural, or technical fields.

(4) Spouses can request granting of state citizenship in the Slovak Republic in a joint request. The request of each spouse will be adjudicated independently. Minor children whom their parents have included in their request will acquire state citizenship together with the parents. If an applicant includes minor children in his request, the other parent must agree to granting state citizenship to these children. The conditions in accordance with Paragraph 4, Section (2) also apply.

(5) A person whose former Czecho-Slovak state citizenship has expired or who lost Czecho-Slovak state citizenship as a consequence of long-term absence in accordance with Paragraphs 31 and 32 of Legal Article L of 1879 on acquiring and losing Austrian state citizenship or by marriage in accordance with Paragraph 34 of Legal Article L of 1879 on acquiring and losing Austrian state citizenship or in accordance with Paragraph 2 of Law No. 102/1947 Zb. on acquiring and losing Czecho-Slovak state citizenship through marriage or in accordance with Paragraph 5 of Law No. 194/1949 Zb. on acquiring and losing Czecho-Slovak state citizenship can be granted state citizenship in the Slovak Republic without meeting the conditions contained in Section (1), Item a).

Paragraph 8

(1) The submission of a request for granting state citizenship in the Slovak Republic is authorized by a court-appointed guardian in the name of a person who has been declared incompetent of legal action by a decision of the court or whose capacity for legal action is limited.

(2) State citizenship in the Slovak Republic is granted by the Ministry of the Interior of the Slovak Republic. A request for granting state citizenship in the Slovak Republic is submitted at the okres office.

(3) State citizenship is acquired upon receipt of a certificate on the granting of state citizenship in the Slovak Republic.

PART TWO

Loss of State Citizenship in the Slovak Republic

Paragraph 9

(1) State citizenship in the Slovak Republic can be lost only by release from the state allegiance at one's own request.

(2) A person who proves that he has state citizenship in another state or swears that it will be granted if he is released from his current state allegiance or justifiably considers it possible that he will acquire it if he is released from his current state allegiance can be released from his state allegiance.

(3) It is not possible to release a person from his state allegiance:

a) If a criminal prosecution is being conducted against him or he is serving a sentence or he has been put on suspended sentence by a decision of a court of the Slovak Republic.

b) Who is in arrears in the payment of taxes or public allotments in the Slovak Republic.

(4) In making decisions about a request for release from state allegiance to the Slovak Republic, it is in the favor of the applicant if:

a) He has married someone with foreign state citizenship and lives, or intends to live, abroad, or

b) He acquired state citizenship through it being granted after a marriage with a state citizen of the Slovak Republic and this marriage has been dissolved or they have been divorced, or

c) One of the parents of a minor child who is a state citizen of the Slovak Republic is a foreign state citizen and the child is or will be raised in a foreign country, or

d) He is adopted and his adopted parent is a foreign state citizen and the adopted person is or will be raised in a foreign country, or

e) He has reached the age of majority, was born abroad, and never had a permanent residence on the territory of the Slovak Republic.

(5) A married couple can request release from state allegiance to the Slovak Republic in a joint request. The request of each of the spouses will be adjudicated independently. In the case of minor children whom a parent has included in his request for release from state allegiance to the Slovak Republic, the children lose their state citizenship together with the state citizenship of the parents; if both parents are alive, the other parent must agree to the submission of the request. Furthermore, the conditions in accordance with Paragraph 4, Section (4) also apply.

(6) The submission of a request for release from state allegiance to the Slovak Republic is authorized by the guardian appointed by the court in the name of a person who has been limited in or deprived of his competence for legal actions by a court decision.

(7) The okres office decides on release from state allegiance to the Slovak Republic. The state citizenship ceases on the day of receipt of the certificate of release from state allegiance to the Slovak Republic.

PART THREE

Common and Concluding Provisions

Paragraph 10

State citizenship in the Slovak Republic is equal regardless of the legal manner in which it was acquired.

Paragraph 11

Certification of state citizenship in the Slovak Republic is issued by the appropriate okres office (see Paragraph 14).

Paragraph 12

(1) The legal effects of a declaration in accordance with Paragraph 3, Section (2) date from the day that the declaration is submitted.

(2) The agency which approved the declaration issues a confirmation and approval of the declaration with an indication of the date of the declaration.

Paragraph 13

A declaration executed in accordance with Paragraph 3 of this law is free of any administrative fees.

Paragraph 14

Upon request by the Ministry of the Interior of the Slovak Republic or the okres office, the state agencies, communities, and legal persons are obliged to provide information which have a bearing on decisions in accordance with this law.

Paragraph 15

If the applicant's submission complies to the full extent in accordance with this law, a decision will not be issued in the administrative proceedings.

Paragraph 16

According to this law, local competence is determined on the territory of the Slovak Republic by the permanent residence of the person whose state citizenship is concerned. If he does not have a permanent residence on the territory of the Slovak Republic, the local competence is determined by his last permanent residence on the territory of the Slovak Republic; if he has not had a permanent residence on the territory of the Slovak Republic, the District Office Bratislava 1 has jurisdiction in accordance with Paragraph 3, Section (2) and the Bratislava Okres Office has jurisdiction in accordance with Paragraphs 8 and 10.

Paragraph 17

In a case where an international treaty by which the Slovak Republic is bound deals with some questions in the matter of state citizenship in a manner different from this law, the arrangement in the international treaty applies.

Paragraph 18

Requests for granting state citizenship or for release from state allegiance not concluded by the time this law goes into effect will be considered as submitted in accordance with this law.

Paragraph 19

Centralized documentation on the granting and loss of state citizenship in the Slovak Republic will be maintained by the Ministry of the Interior of the Slovak Republic; okres records are kept by the okres office.

Paragraph 20

The following are repealed:

1. Law No. 194/1949 Zb. on the acquisition and loss of Czecho-Slovak state citizenship in the sense of Law No.

72/1958 Zb., Law No. 165/1968 Zb., Slovak National Council Law No. 206/1968 Zb., and Law No. 88/1990 Zb.

2. Slovak National Council Law No. 206/1968 Zb. on the acquisition and loss of state citizenship in the Slovak Socialist Republic in the sense of Article 1 of Law No. 88/1990 Zb.

3. Item 8 of Appendix C and Item 75 of Appendix E of Slovak National Council Law No. 472/1990 Zb. on the organizations of local state administration.

Paragraph 21

This law goes into effect on the day of its announcement.

Footnotes (Citations)

1. Article 5 of the Constitution of the Slovak Republic No. 460/1992 Zb.

2. Paragraph 8 of the Civil Code.

3. Paragraph 74 of Law No. 94/1963 Zb. on the family in the sense of Law No. 132/1982 Zb.

4. Paragraph 7 of Law No. 123/1992 Zb. on the residence of foreigners on the territory of the Czech and Slovak Federated Republic.

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